ORIENTAL PETROLEUM AND MINERALS CORPORATION
34th. Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
☏: 633-7631 to 40, 637-1670 to 79   Extensions 277, 278, 279, 280, 281 • 🖷: 395-2586

NOTICE OF THE REGULAR ANNUAL MEETING OF THE STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of the stockholders of **ORIENTAL PETROLEUM AND MINERALS CORPORATION** will be held at **Ruby Ballroom 4th Floor, Crowne Plaza Galleria Manila, Ortigas Ave., cor. One ADB Avenue, Quezon City, on Wednesday, July 22, 2015 at 3:00 P.M.**, pursuant to the resolution of the Board of Directors adopted in accordance with the By-Laws. The agenda of the meeting is as follows:

I. Call to order
II. Proof of due notice of meeting and determination of quorum
III. Approval of minutes
IV. Reports of officers/ Approval of the Annual Report
V. Amendment of the Articles of Incorporation per SEC Memorandum Circular No. 6 Series of 2014 “Amendment of the Principal Office Address”
VI. Election of Directors
VII. Election of External Auditors
VIII. Other matters or business as may properly come before the meeting
IX. Adjournment

Proxies on file with the Corporation will be recognized and/or used unless they have lapsed or have been specifically revoked or a new proxy is received by the Corporation.

Proxies must be filed with and received at the Corporation’s office not later than by the close of business hours, five (5) working days prior to the date of meeting, viz., not later than 5:00 P.M. on July 15, 2015. Proxies received after the cut-off date shall not be recorded for this meeting.

Validation of proxies will begin on July 15, 2015 at 5:00 P.M. at the office of the Corporation

Pursuant to Article II, Section 6, par. 2 of the By-Laws, nominations for the position of directors, other than Independent Directors, must be received by the Corporate Secretary at least five (5) working days before the stockholders’ meeting, i.e., not later than 5:00 P.M. on July 15, 2015. Nominations for Independent Director must be received by 5:00 P.M. on June 22, 2015. No further nominations shall be considered or entertained after the respective cut-off dates.

Only stockholders of record as at the close of business hours on June 22, 2015, shall be entitled to notice of, and to vote at, this meeting.

Pasig City, Metro Manila, June 3, 2015.

Ethelwoldo E. Fernandez
Corporate Secretary

COVER SHEET

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SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS C
ORPORATION AND SUBSIDIARIES

(Company's Full Name)

34th Floor, Robinsons Equitable T
ower, ADB Avenue, OrtiGas Center,
PasIg CitY

(Business Address: No. Street City/Town/Province)

Ehtelwoldo Fernandez
Corporate Secretary

(Contact Person)

633-7631 local 278

(Company Telephone Number)

1	2		3	1

Month *Day*
(Fiscal Year)

SEC FORM-20-IS

(Form Type)

0	7		2	2

Month *Day*
(Annual Meeting)

DEFINITIVE INFORMATION STATEMENT

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20 – IS
Information Statement Pursuant to Section 17.1(b)
of the Securities Regulation Code

1.	Check the appropriate box	:	
			[ ] Preliminary Information Statement
			[X] Definitive Information Statement
2.	Name of Registrant as specified in its charter	:	**ORIENTAL PETROLEUM AND MINERALS CORPORATION**
3.	Province, country or other jurisdiction of incorporation or organization	:	**Metro Manila, Philippines**
4.	SEC Identification Number	:	**SEC Registration No. 40058**
5.	BIR Tax Identification Code	:	**TIN No. 000-483-747-000**
6.	Address of principal office	:	**34th Floor, Robinsons Equitable Tower, One ADB Ave., Ortigas Center, Pasig City**
7.	Registrant's telephone number, including area code	:	**(632) 633-7631 to 40**
8.	Date, time and place of the meeting of security holders	:	**July, 22, 2015** **3: 00 P.M.** **Ruby Ballroom** **4th Floor,Crowne Plaza Galleria Manila, Ortigas Ave., cor. One ADB Ave., Quezon City**
9.	Approximate date on which the Information Statement is first to be sent or given to security holders	:	**June 30, 2015**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, P0.01 par value	**200 Billion**

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ___X____ No ________

Oriental Petroleum and Minerals Corporation's common stock is listed in the Philippine Stock Exchange

I. GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date, time and place of meeting		**July 22, 2015** **3: 00 P.M.** **Ruby Ballroom** **4th Floor, Crowne Plaza Galleria Manila,** **Ortigas Ave. cor. One ADB Ave., Quezon City**
Complete mailing address of principal office	:	**34th Floor Robinsons Equitable Tower,** **One ADB Ave., Ortigas Center, Pasig City**
Approximate date on which the Information Statement is first to be sent or given to security holders	:	**June 30, 2015**

PART II. SOLICITATION INFORMATION

WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY

Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair value of his share; (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or of authorizing preference over the outstanding shares or of extending or shortening the term of corporate existence; (2) in case of any sale, lease, mortgage or disposition of all or substantially all the corporate property or assets; and (3) in case of any merger or consolidation.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand on the corporation for the payment of the fair value of his shares within thirty (30) days after the date on which the vote was taken.

There are no matters to be taken up that may warrant the exercise of the appraisal right.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the following persons have any substantial interest, direct or indirect, in any matter to be acted upon other than election to office:

1. Directors or officers of the registrant at any time since the beginning of the last calendar year;
2. Nominees for election as a director of the registrant;
3. Associate of any of the foregoing persons.

Further, none of the Company's Directors has informed the Company in writing of their intentions to oppose any action taken by the Company at the meeting.

Voting Securities and Principal Holders Thereof

Each of the 200,000,000,000 outstanding shares of the Company is entitled to one (1) vote. Said outstanding shares, all of which are common shares, are broken down as follows:

Class "A" -	120,000,000,000
Class "B" -	80,000,000,000

A stockholder entitled to vote at the meeting shall have the right to vote in person or by proxy the number of shares of stock held in his name on the stock books of the Company as of the established record date, **June 22, 2015**, and said stockholder may vote such number of shares for as many as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Eleven (11) directors are to be elected at the annual stockholders' meeting and there are no voting trust holders or warrants.

PART III. CONTROL AND COMPENSATION INFORMATION

Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of April 30, 2015 were as follows:

Class	Name and Address of Record Owner and relationship with the Issuer	Names of Beneficial Owner and relationship with record owner	Citizenship	No. of Shares Held			% to Total
				Class A	Class B	Total	
Common	PCD Nominee Corporation[a] 37/F Tower I, The Enterprise Center, 6766 Ayala Ave. Cor. Paseo de Roxas (stockholder)	PCD Participants & their clients (see note a)	Filipino	59,979,001,468	20,944,252,571	80,923,254,039	40.46%
Common	Consolidated Robina Capital Corp.[b] 29/F Galleria Corporate Center Edsa Corner Ortigas Avenue (stockholder)	same as record owner (see note b)	Filipino	8,396,391,875	28,655,561,021	37,051,952,896	18.53%
Common	R. Coyiuto Securities, Inc.[c] 5th. Flr., Corinthian Plaza Paseo de Roxas, Makati City (stockholder)	same as record owner (see note c)	Filipino	15,260,448,020	6,383,065,232	21,643,513,252	10.82%
Common	Prudential Guarantee & Assurance Inc.[d] 119C Palanca St. Legaspi Village, Makati City (stockholder)	same as record owner (see note d)	Filipino	5,971,142,716	7,370,493,083	13,341,635,799	6.67%

Notes:

a. PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCDI"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCDI's participants, who hold the shares on their behalf, and their clients. PCDI is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

Stockholders with more than 5% ownership under PCD Nominee Corporation:

Name	No. of Shares Held	% to Total PCD
OPM A		
Abacus Securities Corporation	6,396,038,118	10.67%
R. Coyiuto Securities, Inc.	3,703,489,843	6.18%
OPM B		
R. Coyiuto Securities, Inc.	4,309,299,984	16.14%
Deutsche Regis Partners, Inc.	3,964,400,000	14.85%
Abacus Securities Corporation	2,438,531,197	9.13%
Tower Securities	1,614,602,319	6.05%

b. Consolidated Robina Capital Corporation is a 100% subsidiary of JG Summit Holdings, Inc. (JGSHI). OPMC and JGSHI share the following common directors: Mr. John Gokongwei, Jr., Mr. James L. Go, Mr. Lance Gokongwei and Gov.Gabriel Singson.
   - Any one of the following directors of the Company is authorized to vote: Messrs., John Gokongwei, Jr., James Go, Lance Gokongwei.
   - Indirect ownership of Mr. John Gokongwei, Jr. is 1 share, Mr. James Go is 2 shares and Mr. Lance Gokongwei is 3 shares. Mr. Gabriel Singson has no indirect ownership in CRCC.

c. R. Coyiuto Securities, Inc. is majority-owned by Mrs. Rosie Coyiuto, wife of Mr. Robert Coyiuto, Jr. Mr. Coyiuto is the President and COO of Oriental Petroleum and Minerals Corp.
   - Any one of the following is authorized to vote: Ms. Rosie Coyiuto, Messrs. Philip K. Rico, Samuel Coyiuto, and James Coyiuto.
   - There are no participants in the above corporation who hold more than 5% of OPMC's outstanding capital stock.

d. Prudential Guarantee and Assurance, Inc. is majority owned by Coyiuto brothers.
   - Mr. Robert Coyiuto, Jr. is authorized to vote.
   - Indirect ownership of Mr. Robert Coyiuto, Jr. is 1,316,729 shares and Mr. James Coyiuto is 413,012 shares.

Security Ownership of Management as of April 30, 2015

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (Direct)			% to Total Outstanding	Citizenship
		Class A	**Class B**	**Total**		
A. Named Executive Officers[1]						
Common	James L. Go*	1		1	**	Filipino
Common	Robert Coyiuto, Jr.*	423,977,301	141,687,685	565,664,986	0.2828%	Filipino
Common	Apollo P. Madrid*	1,711,971	100,795	1,812,766	0.0009%	Filipino
Common	Ethelwoldo E. Fernandez*	604,787		604,787	0.0003%	Filipino
	Sub-total	426,294,060	141,788,480	568,082,540	0.2840%	
B. Other Directors and Executive Officers						
Common	John L. Gokongwei, Jr.	107,001		107,001	0.0001%	Filipino
Common	Josephine Barcelon	100,000		100,000	**	Filipino
Common	Antonio Go	1		1	**	Filipino
Common	Benedicto Coyiuto	10,000		10,000	0.0001%	Filipino
Common	Lance Y. Gokongwei	1		1	**	Filipino
Common	Perry L. Pe*	513,621		513,621	0.0003%	Filipino
Common	Gabriel Singson	1		1	**	Filipino
Common	Ricardo Balbido, Jr.	100,000		100,000	0.0005%	Filipino
Common	James Coyiuto	1		1	**	Filipino
	Sub-total	830,626	0	830,626	0.0011%	
C. All directors and executive officers as a group unnamed		**427,124,686**	**141,788,480**	**568,913,166**	0.2851%	

[1] Chief Executive Officer and three (3) among the four (4) most highly compensated executive officers as of April 30, 2015.

*Company's executive officers; **less than 0.0001%

Shares owned by Foreigners

As of April 30, 2015, a total of 6,744,560,284 shares or about 3.37% of the total issued and outstanding shares are owned by foreigners.

Voting Trust holders of 5% or More

There are no persons holding more than 5% or a class under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the registrant since the beginning of its last calendar year.

Directors and Executive Officers

The names and ages of directors and executive officers of the Company are as follows:

Directors

Directors	***Names***	***Age***	***Citizenship***
Director, Chairman and Chief Executive Officer	James L. Go	76	Filipino
Director, President and Chief Operating Officer	Robert Coyiuto, Jr.	63	Filipino
Director	John Gokongwei, Jr.	88	Filipino
Director	Lance Y. Gokongwei	48	Filipino
Director	Antonio Go	74	Filipino
Director	Benedicto Coyiuto	36	Filipino
Director	Josephine Barcelon	55	Filipino
Director	Gabriel Singson	85	Filipino
Director	James Coyiuto	61	Filipino
Director	Ricardo Balbido, Jr.	64	Filipino
Director, Assistant Corporate Secretary	Perry L. Pe	54	Filipino
Executive Officers			
SVP – Operations and Administration	Apollo P. Madrid	74	Filipino
SVP – Legal and Corporate Secretary	Ethelwoldo E. Fernandez	86	Filipino
Chief Financial Officer	Aldrich T. Javellana	41	Filipino

Treasurer	Teresita H. Vasay	60	Filipino

The Company's independent directors are Messrs. Antonio Go and Ricardo Balbido, Jr.

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until successor shall have been elected, appointed or shall have qualified.

The following directors of the Corporation are expected to be nominated by management for re-election / election this year.

The Independent directors of the Company are elected according to SRC Rule 38 – *Independent Directors.*

Brief discussion of the directors' and executive officers' business experience and other directorships held in other reporting companies for the last five years.

James L. Go, is the Chairman and Chief Executive Officer of the Company since 2002. He is also the Chairman and CEO of JG Summit Holdings, Inc. He is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman and Deputy Chief Executive Officer of Robinsons Retail Holdings, Inc. and a director of Cebu Air, Inc., Marina Center Holdings, Private Limited, United Industrial Corporation Limited, and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Robert Coyiuto, Jr., has been a Director of the Company since 1982 and was previously both Chairman of the Board and President from 1991 to 1993. He has been President and Chief Operating Officer of the Company since 1994. He is also the Chairman and CEO of Prudential Guarantee & Assurance, Inc., PGA Sompo Japan Insurance Inc., Chairman of Hyundai North Edsa, PGA Cars Inc., Coyiuto Foundation and Chairman & President, Calaca High Power Corporation He also serves as Vice Chairman of First Life Financial Co., Inc. and National Grid Corporation of the Philippines. He is also a Director of Universal Robina Corporation; Canon Philippines, Inc. and Trustee of San Beda College.

John L. Gokongwei, Jr., is a Director of the Company. He had been Chairman of the Board and CEO of the Company from 1994 to 2002. He is the founder and Chairman Emeritus of JG Summit Holdings, Inc. (JGSHI) effective January 1, 2002. He continues to be a member of the Board of Directors of JGSHI and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JGSHI and is Chairman Emeritus of certain of its subsidiaries. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc., Deputy Chairman and Director of United Industrial Corporation Limited and a director of Cebu Air, Inc. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received a Master's degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

Lance Y. Gokongwei, 48, has been a Director of the Company since 1994. He is the President and Chief Operating Officer of JGSHI. He had been Executive Vice President of JGSHI and was elected President and Chief Operating Officer effective January 1, 2002. He is also the President and Chief Executive Officer of Universal Robina Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation and JG

Summit Olefins Corporation. He is the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is the Chairman of Robinsons Bank Corporation, Vice Chairman of Robinsons Retail Holdings, Inc. and a director of United Industrial Corporation Limited, and Manila Electric Company. He is a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Antonio L. Go, was elected as an independent director of the company since 2007. He also currently serves as director and President of Equitable Computer Services, Inc. and is Chairman of Equicom Savings Bank and ALGO Leasing and Finance Inc. He is also a director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited, Cebu Air Inc., Pin-An Holdings, Inc., and Equicom Information Technology, and Robinsons Retail Holdings, Inc. He is also a trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor of Science degree in Business Administration. He attended the International Advanced Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

Benedicto Coyiuto, was elected Director of the company during the last Annual Stockholders' Meeting held on June 27, 2013. He is also a Director of PGA Cars, Inc. and PGA Automobile, Inc. He is the Assistant to the Chairman of PGA Sompo Japan Insurance, Inc. He is the son of Mr. Robert Coyiuto, Jr.

Josephine V. Barcelon was elected Director during the meeting of June_2014. She is the president of J.M. Barcelon & Co., Inc., Stockbroker, Member: Philippine Stock Exchange and CEO of the Barcelon Group of Companies.

James Coyiuto, was elected as Director of the Company since 2005. He is also the Director of Prudential Guarantee and Assurance, Inc., Guarantee Development Corporation and PGA, Sompo Japan Insurance Inc.

Ricardo Balbido,Jr., has been elected as an Independent Director of the Company in 2005. Currently, he is doing financial consultancy after retirement from his various banking stint as former President and CEO of Philippine Veterans Bank, former President and COO of Dao Heng Bank, Inc., former Senior Vice President of Bank of the Philippine Islands. He was also former President of the Philippine Clearing House Corporation, and Director of Bankers Association of the Philippines. Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Silliman University and is a Certified Public Accountant. He earned full academics in Master in Business Administration from Ateneo de Manila University. He also has an Advance Bank Management Program Certificate from the Asian Institute of Management (AIM).

Gabriel Singson, has been elected as Director of the Company during the annual stockholders meeting held last July 14, 2005. He is a director of Multinational Finance Group Ltd., Summit Forex Brokers Corporation, Summit Point Corporation, and a trustee of the Gokongwei Brothers Foundation, Inc., Tan Yan Kee Foundation and the Ateneo de Manila University. He is also the Chairman of Grepalife Financial Corporation and Chairman of the Advisory Board of Rizal Commercial Banking Corporation. He was the former Governor of the Bangko Sentral ng Pilipinas (1993-1999) and President of the Philippine National Bank (1992-1993). He obtained his LLB degree, cum laude, from the Ateneo Law School and received his Master of Laws from the University of Michigan Law School as a Dewitt Fellow and a Fulbright scholar.

Perry L. Pe, has been the Assistant Corporate Secretary of the Company since 1994. He has been a Director since 1995. He is also the Corporate Secretary of SIAEP and A-Plus; Partner of Romulo, Mabanta, Buenaventura, Sayoc, and Delos Angeles Law Office; Director of Delphi Group, Ace Saatchi Saatchi, AG & P Philippines, Inc. Honorary Consul General of Denmark to the Philippines. Atty. Perry L. Pe is the son-in-law of Mr. John Gokongwei, Jr.

Apollo P. Madrid, has been the Senior Vice President - Operations and Administration of the Company since 1990.

Ethelwoldo E. Fernandez, has been the Corporate Secretary of the Company since 1995. He is also the Senior Vice President-Legal of the Company since 1992. Former counsel to the Law firm of Sycip, Salazar, Hernandez and Gatmaitan until 2003. He is also the Corporate Secretary of Prudential Guarantee and Assurance, Inc.

Aldrich T. Javellana, was appointed Chief Financial Officer of the Company effective October 1, 2014. He is the Vice President and Treasurer of JG Summit Holdings, Inc. Prior to joining JGSHI in 2003, he worked in Corporate Finance with CLSA Exchange Capital. He graduated from De La Salle University with a degree in BS Accountancy and is a Certified Public Accountant.

Teresita Vasay, was appointed Treasurer of the Company effective October 1, 2014. She is also the Treasurer of the Summit Media Group and a Director of various condominium corporations for RLC projects. Ms. Vasay is a Certified Public Accountant and a licensed Real Estate Broker. She was formerly the Treasurer of Robinsons Land Corporation and the Vice President-Controller of the Robinsons Retail Group. She had experience in consumer financing from Filinvest Credit Corporation and practiced public accounting with SGV & Co. prior to joining the Gokongwei group of companies.

Information required by the SEC under SRC Rule 38 as amended on the nomination and election of Independent Directors

The following criteria and guidelines shall be observed in the pre-screening, short listing and nomination of Independent Directors:

A. DEFINITION

1. Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

    1.1. Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

    1.2. Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;

    1.3. Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;

    1.4. Has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years;

2. When used in relation to a company subject to the requirements above:

    2.1. Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

    2.2. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

B. QUALIFICATIONS OF INDEPENDENT DIRECTORS

1. An independent director shall have the following qualifications:

    1.1. He shall have at least one (1) share of stock of the corporation;

    1.2. He shall be at least a college graduate or he shall have been engaged or exposed to the business of the corporation for at least five (5) years;

    1.3. He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to qualified Independent Directors up to the age of eighty (80);

    1.4. He shall have proven to possess integrity/probity; and

    1.5. He shall be assiduous.

2. No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:

    2.1. He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof;

    2.2. His beneficial security ownership exceeds 10% of the outstanding capital stock of the company where he is such director;

    2.3. Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family.

    2.4. Such other disqualifications which the company's Manual on Corporate Governance provides.

C. NOMINATION AND ELECTION OF INDEPENDENT DIRECTOR/S

1. The Nomination Committee (Committee) conducts the nomination of Independent Directors/s prior to a stockholders' meeting.

2. The Committee solicits nominations for candidates to become Independent Director of the corporation.

    2.1. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

3. The Committee shall pre-screen the candidates to determine whether they are qualified per definition and listed qualifications above, General Guidelines listed in the Corporate Governance Manual, Articles of Incorporation, By Laws of the Corporation, and perceived needs of the Board of Directors and the corporation such as, but not limited to the following:

    3.1. Nature of the business of the corporations which he is a Director of

    3.2. Age of the nominee for Independent Director

    3.3. Number of directorships/active memberships and officerships in other corporations or organizations

4. The Committee shall prepare a list of all candidates and evaluate the candidates based on the required above-listed required qualifications to enable it to effectively review the qualifications of the nominees for Independent Director/s.

5. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV(A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, in accordance with SRC Rule 17.1(b) or SRC Rule 20, respectively, or in such other reports the company is required to submit to the Commission.

   5.1. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

6. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.

Below is the final list of nominees for Independent Directors:

1. **Ricardo Balbido, Jr.,** 64, has been elected as an Independent Director of the Company in 2005. Currently, he is doing financial consultancy after retirement from his various banking stint as former President and CEO of Philippine Veterans Bank, former President and COO of Dao Heng Bank, Inc., former Senior Vice President of Bank of the Philippine Islands. He was also former President of the Philippine Clearing House Corporation, and Director of Bankers Association of the Philippines. Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Silliman University and is a Certified Public Accountant. He earned full academics in Master in Business Administration from Ateneo de Manila University. He also has an Advance Bank Management Program Certificate from the Asian Institute of Management (AIM).
   Mr. Balbido has been nominated as the other Independent Director by Mr. Apollo P. Madrid, a stockholder of the Corporation. They have no business or other relation, however, Mr. Madrid knows Mr. Balbido as a veteran banker.

2. **Antonio L. Go** 74, was elected as an independent director of the company since 2007. He also currently serves as director and President of Equitable Computer Services, Inc. and is Chairman of Equicom Savings Bank and ALGO Leasing and Finance Inc. He is also a director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited, Cebu Air Inc., Pin-An Holdings, Inc., and Equicom Information Technology, and Robinsons Retail Holdings, Inc. He is also a trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor of Science degree in Business Administration. He attended the International Advanced Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.
   Mr. Apollo P. Madrid nominated Mr. Antonio Go as candidate for Independent Director, a well - known banker. Mr. Madrid has no business and other relationship with Mr. Go. Further, Mr. Go is not related to any director or officer of the Company.

Below is the list of the Company's Nomination and Audit Committees:

Nomination Committee:	Audit Committee:
James L. Go – Chairman	Antonio L. Go – Chairman
Robert Coyiuto, Jr. - Member	Lance Y. Gokongwei – Member
Perry L. Pe – Member	Benedicto Coyiuto – Member
Ricardo Balbido, Jr. – Member	James Coyiuto – Member
James Coyiuto – Member	Perry L. Pe – Member

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make a significant contribution to the business.

Family Relationships

Mr. James L. Go is the brother of Mr. John L. Gokongwei, Jr. while Mr. Lance Y. Gokongwei is the son of Mr. John L. Gokongwei, Jr. Mr. Perry L. Pe is the son-in-law of Mr. John Gokongwei, Jr. Mr. Benedicto Coyiuto is the son of Mr. Robert Coyiuto, Jr. while Mr. James Coyiuto is his brother.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the members of the Board of Directors and Executive Officers of the Company are involved currently and/or for the past five years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limited their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law or have been found by a domestic or foreign court of competent jurisdiction, the Commission of comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation.

Certain Relationships and Related Transactions

The Corporation in the regular conduct of its business has entered into transactions with affiliates and other related parties principally consisting of loans, leases, insurances and regular banking transactions. Under the policy of the Corporation and its subsidiaries, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. The Corporation has not entered into any business transactions with any of its former senior management that will result to a more or less favorable terms that will have a material effect on the Corporation's financial position or financial performance.

Item 6. Executive Compensation

Summary Compensation Table

The following tables list the names of the Corporation's Chief Executive Officers and the four (4) most highly compensated executive officers for the two (2) most recent fiscal years and the ensuing year:

Name	**Position**	**Projected - Year 2015** (in '000 US$)		
		Salary	**Other Compensation & Bonus**	**Total**
a) CEO & Four (4) most highly compensated executive officers		US$168.95	US$-	US$168.95
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations & Admin.			
Aldrich T. Javellana	CFO			
Teresita H. Vasay	Treasurer			
b) All officers as a group		US$231.30	US$-	US$231.30

Name	**Position**	**Actual Year 2014** (in '000 US$)		
		Salary	**Other Compensation & Bonus**	**Total**
a) CEO & Four (4) most highly compensated executive officers		US$160.90	US$-	US$160.90
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations & Admin.			
Jeanette U. Yu*	Treasurer and CFO			
Aldrich T. Javellana	CFO			
b) All officers as a group		US$220.29	US$-	US$220.29

**Ms. Jeanette U. Yu retired from the company effective October 1, 2014.*

Name	**Position**	**Actual Year 2013** (in '000 US$)		
		Salary	**Other Compensation & Bonus**	**Total**
a) CEO & Four (4) most highly compensated executive officers		US$161.80	US$-	US$161.80
James L. Go	Chairman and CEO			
Robert Coyiuto, Jr.	President and COO			
Apollo P. Madrid	SVP – Operations & Admin.			
Jeanette U. Yu	Treasurer and CFO			
Ethelwoldo Fernandez	Corporate Secretary			
b) All officers as a group		US$223.33	US$-	US$223.33

Compensation of Directors

For 2014, the Company paid a total of US$37,621.43 to its Directors.

Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and the ensuing year.

Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed fiscal year and the ensuing year.

Employment Contracts and Termination of Employment and Change in control Agreement

There are no special employment contracts between the Corporation and the named executive officers.

There are no compensatory plans or arrangements with respect to the named executive officers.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the Corporation's CEO, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

The accounting firm of SyCip Gorres Velayo & Co. has been the Company's independent public accountants at least for the last eighteen (18) years. The same firm is being recommended for appointment by the stockholders for the ensuing year. There has not been any disagreement between the Company and said accounting firm with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. SGV is expected to send a representative to the annual meeting with an opportunity to make statements if they so desire and will be available for questions from stockholders.

The current handling partner of SGV & Co. has been engaged by the Corporation for the fiscal year 2012 and is expected to be rotated every five (5) years in accordance with SRC Rule 68, as amended.

The information on Independent Accountant and other Related Matters are incorporated by reference to the attached Management Report to stockholders as required under SRC Rule 20.

OTHER MATTERS

Action with Respect to Reports

The Company will submit to the shareholders for approval the following:

1. Minutes of the Regular Stockholders' Meeting on June 25, 2014:

    - The President gave a brief summary of the operations of the year under review. The annual report for 2013 was submitted and approved.

    - The eleven (11) directors for incoming year, 2014-2015 were elected (see page 7 of this Report).

2. 2014 Annual Report, with Audited Financial Statements

3. Appointment of Sycip Gorres Velayo & Co. as Company's independent public accountants.

4. Ratification of acts of the Board of Directors and Officers of the Company in the regular course of business from June 25, 2014 to July 21, 2015.

Brief description of material matters approved by the Board of Directors and Management since the last annual stockholders' meeting of June 25, 2014 for ratification by the stockholders:

Date of Board/Management Approval	Description
June 25, 2014	Election of Officers, Members of the Governance Committees of the Corporation

For 2015 the Board is resubmitting the amendment of the Articles of Incorporation approved by the Board per SEC Memorandum Circular No. 6, again, at the forthcoming Stockholders' Meeting for approval or ratification.

Recent Sales of Unregistered or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction. All shares of the Company are listed on the Philippine Stock Exchange.

Voting Procedures

The foregoing matters will require the affirmative vote of a majority of the shares of the Company present or represented and entitled to vote at the Annual Meeting. Likewise, directors shall be elected upon the majority vote of the shares present or represented and entitled to vote at the Annual Meeting.

The election is executed through balloting or by other means approved by the stockholders, done manually. Article II, Section 7, By-Laws: A Board of Election Inspectors appointed by the Board, composed of the Corporate Secretary and two (2) members, shall determine the validity of proxies, receive votes, ballots, etc. And determine and announce the results in the election of Directors.

Market for Registrant's Common Equity and Related Stockholder Matters

Principal market or markets where the registrant's common equity is traded:

- OPMC shares are actively traded in the Philippine Stock Exchange.

STOCK PRICES	**CLASS A**		**CLASS B**	
(in pesos)	**High**	**Low**	**High**	**Low**
2015				
First Quarter	.0150	.0120	.0160	.0130
2014				
First Quarter	.0180	.0160	.0210	.0180
Second Quarter	.0200	.0160	.0210	.0180
Third Quarter	.0180	.0160	.0200	.0170
Fourth Quarter	.0170	.0120	.0180	.0130
2013				
First Quarter	.0240	.0200	.0250	.0200
Second Quarter	.0260	.0160	.0270	.0190
Third Quarter	.0200	.0170	.0210	.0190
Fourth Quarter	.0210	.0170	.0230	.0180

VOLUME (in billion shares)	CLASS A	CLASS B
2015		
First Quarter	1.496	0.521
2014		
First Quarter	3.813	0.598
Second Quarter	3.125	0.760
Third Quarter	2.537	0.707
Fourth Quarter	3.127	0.574
2013		
First Quarter	11.716	2.991
Second Quarter	17.256	7.576
Third Quarter	5.542	1.321
Fourth Quarter	4.764	0.795

The Company has not declared any cash or stock dividends in the last two (2) years (2014 and 2013).

CORPORATE GOVERNANCE

The level of compliance of the Corporation to the provisions of the Corporate Governance Manual was reported and explained in the Corporate Governance Self-Rating Form submitted by the Corporation to the Securities and Exchange Commission (SEC). Deviations from the provisions of the Corporate Governance Manual were also set out in the said form submitted to the SEC.

Additional Information as of April 30, 2015 are as follows:

1. Market Price and Volume for the Corporation's Common Equity

	CLASS A		CLASS B	
	High	**Low**	**High**	**Low**
Stock price (in pesos)	0.013	0.012	0.013	0.013
Volume (in shares)	80,800,000		24,900,000	

2. As of April 30, 2015, there are approximately **11,887** stockholders both for Class "A" and "B" shares. The top 20 stockholders are:

	STOCKHOLDERS	Number of Shares Held	% to Total
1.	PCD NOMINEE CORPORATION	**80,923,254,039**	40.46
2.	CONSOLIDATED ROBINA CAPITAL CORP.	**37,051,952,896**	18.53
3.	R. COYIUTO SECURITIES, INC.	**21,643,513,252**	10.82
4.	PRUDENTIAL GUARANTEE & ASSURANCE, INC.	**13,341,635,799**	6.67
5.	PCD NOMINEE CORPORATION (NON-FILIPINO)	**5,750,718,710**	2.88
6.	J.G. SUMMIT HOLDINGS, INC.	**1,756,248,841**	0.88
7.	F & J PRINCE HOLDINGS CORP.	**1,260,888,642**	0.63
8.	PHIL. OVERSEAS TELECOMMUNICATIONS CORPORATION	**1,129,545,907**	0.56
9.	PHIL. COMMUNICATIONS SATELLITE CORP.	**1,111,496,010**	0.56
10.	PE, PAULINO G.	**950,000,000**	0.48
11.	GIBRALTAR INTERNATIONAL HOLDINGS, INC.	**832,833,547**	0.42
12.	DAVID GO SECURITIES CORP.	**698,258,201**	0.35
13.	CHUA CHIACO, MARGARET S.	**663,400,000**	0.33
14.	CHING, TIONG KENG	**622,512,998**	0.31
15.	DUCA, VICTORIA	**611,236,533**	0.31
16.	COYIUTO, JR., ROBERT	**565,664,986**	0.28
17.	JAMES UY, INC.	**471,843,600**	0.24
18.	CHUA CHIACO, ERNESSON S.	**441,600,000**	0.22
19.	CHUA CHIACO, GENEVIEVE S.	**441,600,000**	0.22
20.	F. YAP SECURITIES, INC.	**390,026,036**	0.20
		170,658,229,997	85.35
		29,341,770,003	14.65
		200,000,000,000	**100.00**

3. Key Performance Indicators for the years ended December 31:

	2014	2013	2012
Current Ratio	**77.32**	64.72	72.15
Net Working Capital Ratio	**0.62**	0.52	0.61
Return on Assets	**4.75%**	11.33%	12.52%
Return on Equity	**5.53%**	6.78%	13.84%
Ratio of Debt-to-Equity	**0.03**	0.04	0.04

Figures are based on Audited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets. Return on assets percentage pertains to operating income (loss) over average total assets while return on equity percentage is computed by dividing net income (loss) over average stockholder's equity. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity.

PART II

INFORMATION REQUIRED IN A PROXY FORM

Not Applicable.

PART III

ORIENTAL PETROLEUM AND MINERALS CORPORATION, AS REGISTRANT, UNDERTAKES THAT A COPY OF THIS ANNUAL REPORT ON SEC FORM 17-A SHALL BE PROVIDED WITHOUT ANY CHARGE TO ANY STOCKHOLDER WHO MAKES A WRITTEN REQUEST FOR SUCH COPY. THE REQUEST SHOULD BE ADDRESSED TO THE CORPORATE SECRETARY, 34TH. FLOOR ROBINSONS EQUITABLE TOWER, ADB AVENUE, ORTIGAS CENTER, PASIG CITY.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on June 3, 2015.

ORIENTAL PETROLEUM AND MINERALS CORPORATION
Issuer

June 3, 2015
Date

Ethelwoldo E. Fernandez
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Ricardo A. Balbido, Jr.**, Filipino, of legal age and a resident of 408 Ipo, Ayala Alabang, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Oriental Petroleum and Minerals Corporation.
2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Retired Bank President & not affiliated with any bank at the moment.		
Picar Development Corporation	Professional Consultant	Yearly renewable
Financial Executives Institute of the Phils.	Lifetime Member	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Oriental Petroleum and Minerals Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Oriental Petroleum and Minerals Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this __ day of _____ 2015, at Makati City.

RICARDO A. BALBIDO, JR.
Affiant

SUBSCRIBED AND SWORN to before me this MAY 27 2015 day of __________, 2015 at QUEZON CITY, affiant personally appeared before me and exhibited to me his Philippine Passport No. NO1-71-015 733 issued at ________________ and valid until 2015.

Doc No. 135;
Page No. 27;
Book No. 75A;
Series of 2015

ATTY. BENJAMIN F. ALFONSO
NOTARY PUBLIC
UNTIL December 31, 2016
PTR NO. 0682987-C- 1-20-15 - QUEZON CITY
IBP NO. 975600 12-11-2014 - QUEZON CITY
ROLL NO. 13295
ADM. MATTER NO. NP-144 (2015-2016)
TIN NO. 177967619
MCLE EXEMPTED

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Antonio L. Go**, Filipino, of legal age and a resident of Cambridge Circle North Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Oriental Petroleum and Minerals Corporation.

2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Equitable Computer Services, Inc.	Director and President	Present
Equicom Savings Bank	Chairman	Present
ALGO Leasing and Finance, Inc.	Chairman	Present
Equitable Development Corporation	Director	Present
Equity Development Corporation	Director	Present
K & L Holdings, Inc.	Director	Present
Equicom Systems Management, Inc.	Director	Present
Klara Holdings, Inc.	Director	Present
Motan Corporation	Director	Present
Medilink Network, Inc.	Director	Present
Equicom Manila Holdings, Inc.	Director	Present
Equitable Foundation, Inc.	Trustee	Present
Go Kim Pah Foundation, Inc.	Trustee	Present
Cebu Air, Inc.	Independent Director	Present
Robinsons Retail Holdings, Inc.	Independent Director	Present
Equicom Inc.	Director	Present
Equicom Information Technology, Inc.	Director	Present
Maxicare Healthcare Corporation	Director	Present
Pin An Holdings, Inc.	Director	Present
Steel Asia Manufacturing Corporation	Director	Present
Gokongwei Brothers Foundation	Trustee	Present
United Industrial Corp. Limited	Independent Director	Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Oriental Petroleum and Minerals Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the corporate secretary of Oriental Petroleum and Minerals Corporation of any changes in the abovementioned information within five days from its occurrence.

MAY 2 7 2015

Done, this __ day of _____ 2015, at Makati City.

ANTONIO L. GO
Affiant MAY 2 7 2015

SUBSCRIBED AND SWORN to before me this _______ day of ____________, 2015 at QUEZON CITY, affiant personally appeared before me and exhibited to me his Philippine Passport No. EB6537238 issued at DFA Manila on October 11, 2012 and valid until October 10, 2017.

Doc No. 136;
Page No. 28;
Book No. 75A;
Series of 2015

ATTY. BENJAMIN P. ALFONSO
NOTARY PUBLIC
UNTIL December 31, 2016
PTR NO. 0682987-C- 1-20-15 - QUEZON CITY
IBP NO. 975600 12-11-2014 - QUEZON CITY
ROLL NO. 13296
ADM. MATTER NO. NP -144 (2015 - 2016)
TIN NO. 177967619
MCLE EXEMPTED

COVER SHEET

4	0	0	5	8

SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS C
ORPORATION AND SUBSIDIARIES

(Company's Full Name)

34th Floor, Robinsons Equitable T
Ower, ADB Avenue, Ortigas Center,
PasiG City

(Business Address: No. Street City/Town/Province)

Ethelwoldo E. Fernandez
(Contact Person)

637-1670
(Company Telephone Number)

12 *Month* **31** *Day*
(Fiscal Year)

SEC FORM-17-A
(Form Type)

Month *Day*
(Annual Meeting)

Annual Report 2014

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

11,915
Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2014**

2. SEC Identification number **40058**

3. BIR Tax Identification Code **000-483-747-000**

4. Exact name of registrant as specified in this charter **Oriental Petroleum and Minerals Corporation**

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **34th Floor, Robinsons Equitable Tower, ADB Ave., Ortigas Center, Pasig City**:
   Address of principal office
   1605
   Postal Code

8. **(632) 633-7631 to 40**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name, former address and formal fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, ₱0.01 par value	**200 Billion**

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ___X___ No ________

If yes, state the name of such stock exchange and the classed of securities listed herein

Philippine Stock Exchange **Common Stock**

12. Check whether the registrant:

a) Has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes ___**X**___ No ________

b) Has been subject to such filing requirements for the past 90 days.

Yes _______ No ___**X**___

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date, within sixty - (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

The aggregate market value of stocks held by non-affiliates is ₱1,696.26 million.

TABLE OF CONTENTS

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Oriental Petroleum and Minerals Corporation (OPMC) is a Philippine corporation incorporated on December 22, 1969 with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC's operational activities depend principally on its Service Contracts with the government.

The Company, together with other oil exploration companies (collectively referred to as "a or the Contractor"), entered into a Service Contract (SC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of certain contract areas situated in offshore Palawan where oil discoveries were made. The Company's petroleum revenues and production and related expenses are derived from SC-14 Contract Area. SC 14 is composed of four Blocks, Block – A (Nido), Block -B (Matinloc), Block – C (Galoc & West Linapacan) and Block – D. Of these areas, only West Linapacan and Block –D are the non-producing areas; West Linapacan is currently under evaluation for re-activation after it was shut-in in 1991 due to water intrusion. Block – D, on the other hand, is designated as the Retention Block.

Production Data for 2014 and 2013

Area	Volume (in bbls.)		Average Selling Price (in US$/bbl.)	
	2014	2013	**2014**	2013
Nido / Matinloc	157,140	158,997	84.66	95.68
Galoc	2,855,260	1,723,063	101.52	109.46

Nido and Matinloc oilfields' combined production were sold and delivered to Pilipinas Shell while production from Galoc were sold and delivered to various customers. Sale is effected through physical transfer of crude oil from offshore production site from storage and processing ship to oil tanker of the buyer. Galoc crude oil can be sold at a higher price as compared to Nido/Matinloc crude oil due to volume.

Service Contracts (SCs) and Geophysical Survey and Exploration Contracts (GSECs) are the principal properties of the Company and owned by the State.

The contractors are bound to comply in the work obligations provided in the contract with the DOE. They should provide at their own risk the financing, technology and services needed in the performance of their obligations. Failure to comply with their work obligations means that they should pay the government the amount they should have spent had they pushed through with their undertaking. Operating agreement among the participating companies governs their rights and obligations under the contract.

The Company posted total revenue from petroleum operations of US$22.56 million at the end of 2014. The main source of this revenue was from Galoc operations which contributed a total of US$20.58 million. In 2013, the company recorded petroleum revenue of US$15.83 million; US$13.52 million came from its share in the Galoc operation.

As of December 31, 2014 OPMC has thirteen (13) employees, ten (10) executives and three (3) rank and file personnel. The Company is not expecting any change in the number of employees it presently employs. The Company has not entered into any Collective Bargaining Agreements (CBA).

It is a common knowledge in the industry that the major risk involved in the business of oil exploration, such as OPMC, is in the success of exploration ventures. The ratio of successful exploration is estimated to be 1 out of every 400 wells explored. The Company together with its partners in the various Service Contracts, conduct technical studies and evaluation of the areas believed to have oil reserves.

Another risk involved in the business of oil exploration and production is the risk that accidents may occur during operations. The Company together with its partners in various Service Contracts, continue to take precautionary measures to mitigate accidents, like oil spill. Platform personnel regularly attend safety trainings and seminars. Likewise, platforms are supplied with equipments like oil spill boom, in case oil spill happens. The Consortia, in which the Company is part of, maintain sufficient funds to cover emergencies and accidents, apart from the insurance coverage of each operation/platform.

The Company organized three (3) wholly owned subsidiaries:

a) ORIENTAL MAHOGANY WOODWORKS, INC. (OMWI)

The Company was incorporated and started commercial operations on May 2, 1988 with the principal objective of supplying overseas manufacturers, importers and designers with high quality furniture.

On March 31, 1994, the Board of Directors approved the cessation of the Company's manufacturing operations effective May 1, 1994 due to continued operating losses. The management has no definite future plans for the Company's operations.

b) LINAPACAN OIL GAS AND POWER CORPORATION (LOGPOCOR)

The Company was incorporated on January 19, 1993 to engage in energy project and carry on and conduct the business relative to the exploration, extraction, production, transporting, marketing, utilization, conservation, stockpiling of any forms of energy products and resources. The Parent Company continues to recognize revenues arising from the operations of the assigned working interest. However, all related capitalizable expenses on such working interest continue to be capitalized to the Company's assigned costs of such working interest. On the other hand, depletion of such costs is transferred to the Parent Company and shown as a reduction of the assigned costs.

c) ORIENTAL LAND CORPORATION (OLC)

The Company was incorporated on February 24, 1989 as realty arm of OPMC. It has remained dormant since incorporation.

Item 2. Properties

The principal properties of the Company consist of petroleum exploration areas in the Philippines, onshore and offshore.

Listed below are OPMC's exploration undertakings through a consortium effort with the Department of Energy (DOE).

CONTRACT	LOCATION	Expiration Date	OPMC Share (%)
SC 6B (Bonita)	NW Palawan	February 28, 2024	14.063
SC 14A (Nido)	NW Palawan	December 17, 2025	42.940
SC 14B (Matinloc)	NW Palawan	December 17, 2025	17.703
SC 14B1 (N. Matinloc)	NW Palawan	December 17, 2025	27.772
SC14C (West Linapacan)	NW Palawan	December 17, 2025	7.752
SC14C (Galoc)	NW Palawan	December 17, 2025	7.785
SC 14D	NW Palawan	December 17, 2025	20.829

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Principal market or markets where the registrant's common equity is traded:

- OPMC shares are actively traded in the Philippine Stock Exchange.

STOCK PRICES (in pesos)	CLASS A High	CLASS A Low	CLASS B High	CLASS B Low
2015				
First Quarter	.0150	.0120	.0160	.0130
2014				
First Quarter	.0180	.0160	.0210	.0180
Second Quarter	.0200	.0160	.0210	.0180
Third Quarter	.0180	.0160	.0200	.0170
Fourth Quarter	.0170	.0120	.0180	.0130
2013				
First Quarter	.0240	.0200	.0250	.0200
Second Quarter	.0260	.0160	.0270	.0190
Third Quarter	.0200	.0170	.0210	.0190
Fourth Quarter	.0210	.0170	.0230	.0180

VOLUME (in billion shares)	CLASS A	CLASS B
2015		
First Quarter	1.496	0.521
2014		
First Quarter	3.813	0.598
Second Quarter	3.125	0.760
Third Quarter	2.537	0.707
Fourth Quarter	3.127	0.574
2013		
First Quarter	11.716	2.991
Second Quarter	17.256	7.576
Third Quarter	5.542	1.321
Fourth Quarter	4.764	0.795

The Company has not declared any cash or stock dividends in the last two (2) years (2014 and 2013).

As of March 31, 2015, there are approximately **11,889** stockholders both for Class "A" and "B" shares. The top 20 stockholders are:

STOCKHOLDERS	NUMBER OF SHARES HELD	% TO TOTAL
1. PCD NOMINEE CORPORATION	80,895,240,587	40.45
2. CONSOLIDATED ROBINA CAPITAL CORP.	37,051,952,896	18.53
3. R. COYIUTO SECURITIES, INC.	21,643,513,252	10.82
4. PRUDENTIAL GUARANTEE & ASSURANCE, INC.	13,341,635,799	6.67
5. PCD NOMINEE CORPORATION (NON-FILIPINO)	5,753,545,532	2.88
6. J.G. SUMMIT HOLDINGS, INC.	1,756,248,841	0.88
7. F & J PRINCE HOLDINGS CORP.	1,260,888,642	0.63
8. PHIL. OVERSEAS TELECOMMUNICATIONS CORPORATION	1,129,545,907	0.56
9. PHIL. COMMUNICATIONS SATELLITE CORP.	1,111,496,010	0.56
10. PAULINO G. PE	935,000,000	0.47
11. GIBRALTAR INTERNATIONAL HOLDINGS, INC.	832,833,547	0.42
12. DAVID GO SECURITIES CORP.	698,258,201	0.35
13. MARGARET S. CHUA CHIACO	663,400,000	0.33
14. TIONG KENG CHING	622,512,998	0.31
15. VICTORIA DUCA	611,236,533	0.31
16. ROBERT COYIUTO, JR.	565,664,986	0.28
17. JAMES UY, INC.	471,843,600	0.24
18. ERNESSON S. CHUA CHIACO	441,600,000	0.22
19. GENEVIEVE S. CHUA CHIACO	441,600,000	0.22
20. F. YAP SECURITIES, INC.	390,026,036	0.20
	170,618,043,367	85.31
OTHERS	29,381,956,633	14.69
TOTAL	**200,000,000,000**	**100.00**

Description of Registrant's Securities

Common Stock - all shares of stock of the Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued to Filipino citizens or foreigners.

Recent Sales of Unregistered or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction. All shares of the Company are listed on the Philippine Stock Exchange.

Item 6. Management's Discussion and Analysis or Plan of Operation

At the end of calendar year 2014, Nido and Matinloc Oilfields had a combined crude oil production of 157,140 barrels, slightly lower than last year's 158,997 barrels. Galoc Oil Field on the other hand, produced a total of 2.85 million barrels, an increase of around 66% from last year's production of around 1.72 million barrels.

The Company has no plans to purchase or to sell any plant and / or significant equipment nor does it expect any significant change in the number of employees for the next 12 months.

Results of Operations

2014 vs. 2013

Petroleum Revenues reached US$22.56 million at the end of 2014, around 43% higher than last year's US$15.83 million.

The Company's petroleum revenues were mainly from Galoc operations, which contributed around US$20.58 million in petroleum revenues. This year's oil production in the Galoc oilfield reached 2.86 million barrels, an increase of around 66% from last year's 1.72 million barrels. This increase was, however, countered by the decrease in the average crude oil price from US$109.46/bbl. in 2013 to US$101.52/bbl. in 2014.

Nido/Matinloc operations contributed US$1.98 million in petroleum revenues, slightly lower than last year's US$2.31 million; due to the decrease in oil production and average crude oil price.

At the end of 2014, Petroleum production costs amounted to US$6.30 million, slightly lower than US$6.81 million in 2013. These costs include among others, FPSO rentals, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia.

Depletion and depreciation expense totaled US$12.54 million in 2014, an increase of around US$8.42 million from 2013 million mainly due to the increase in crude oil production from Galoc operations as well as an increase in capitalization cost of PPE investments.

Research and development expenses pertain to studies made by the Company as part of the Company's continuing search for new projects.

Other income (expenses)-net totaled US$1.42 million in 2014 as against US$1.45 million in 2013. The decrease of around 2% was mainly due to lower interest rates earned from deposits and placements.

2013 vs. 2012

At the end of 2013, the Company posted Petroleum Revenues of US$15.83 million, slightly higher than last year's US$15.36 million.

The main source of the Company's revenue came from Galoc operations which contributed a total of US$13.52 million. Total production in Galoc reached 1.72 million barrels, 19% higher than 2012 production of 1.44 million barrels. However, average crude oil price dropped from US$113.89/bbl. in 2012 to US$109.46/bbl. in 2013.

Nido/Matinloc operations ended 2013 with a total production of 158,997 barrels at an average crude oil price of US$95.68/bbl. It contributed US$2.31 million in the Company's petroleum revenues.

Petroleum production costs amounted to US$6.81 million in 2013, 13% higher than last year's US$6.02 million. The increase can be attributed to the normal operations in Galoc oilfield as compared to last year when it was shut-in for the first three months due to the upgrade of FPSO.

Depletion and depreciation expense reached US$4.11 million in 2013, 28% higher than last year's US$3.21 million mainly due to the increase in crude oil production from petroleum operations.

Research and development expenses pertain to studies made by the Company as part of the Company's continuing search for new projects.

Other income (expenses)-net totaled US$1.45 million in 2013 as against US$2.63 million in 2012. The decrease of around 47% was mainly due to income from the sale of AFS securities recognized in 2012.

2012 vs. 2011

The Company posted Petroleum Revenues of US$15.36 million at the end of 2012; 36% lower than last year's US$24.00 million. The decrease was mainly due to non-production in Galoc in the first quarter of 2012 due to upgrading of the FPSO.

For 2012, the company's share in Galoc operations amounted to US$13.06 million, 40% lower than last year's US$21.74 million. Crude oil production in Galoc dropped from 2,143,622 barrels in 2011 to 1,445,229 barrels in 2012 due to the upgrade in FPSO which required shutting-in of production during the 1st quarter of 2012. Average crude oil price per barrel reached US$113.89/bbl in 2012 slightly higher than US$111.78/bbl in 2011.

Nido/Matinloc operations contributed US$ 2.30 million in petroleum revenues, slightly higher than last year's US$2.26 million.

Petroleum production costs amounted to US$6.02 million in 2012. This was 23% lower than last year's US$7.79 million due to the decrease in operating expenses particularly in Galoc operations due to the decrease in FPSO lease rates as it underwent upgrading during the first 3 months of the year.

Depletion and depreciation expense reached US$3.21 million for 2012, 61% lower than last year due to the decrease in crude oil production in the Galoc oilfield. Total production in Galoc for 2012 totaled 1,445,229 barrels, or a decrease of 33% from crude oil production in 2011.

Other income (expenses)-net totaled US$2.63 million in 2012 as against US$1.06 million in 2011. The increase of 148% was attributable to the increase in dividends income from investments and income from the sale of AFS securities.

Financial Position

2014

The Company's total assets at the end of 2014 reached US$83.17 million, 4.55% higher than 2013 total assets of US$79.55 million.

Cash and cash equivalents totaled US$43.57 million at the end of 2014, higher by 24% than last year's US$35.04 million. The increase was due to the Company's share in the cash distribution from the Galoc operations.

Short-term investments amounting to US$4.97 million represent money market placements with various banks with terms longer than 90 days.

Accounts Receivable amounted to US$2.27 million which represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortia, respectively.

Crude oil inventory at year-end totaled US$1.81 million represents the Company's share in crude oil produced but not yet delivered as of year-end.

Available-for-sale equity Securities reached US$13.31 million at the end of 2014, 47% higher than last year's US$9.04 million due to additional investments made by the Company during the year.

Property and Equipment at the end of 2014 decreased from US$27.70 million to US$16.64 million mainly due to recognized depletion and depreciation for the year.

Accounts Payable and Accrued Expenses at the end of the year amounted to US$0.68 million, an increase of around 4% from 2013 balance due to the accrual of various expenses.

2013

At the end of 2013, the Company has consolidated assets of US$79.55 million, around 7% higher than last year's US$74.61 million.

Cash and cash equivalents totaled US$35.04 million at the end of 2013, 5% lower than last year's US$37.09 million. This can be attributed mainly on the Company's share in the Galoc Phase - II project expenses.

Accounts Receivable amounted to US$4.33 million which represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortia, respectively.

Crude oil inventory at year-end totaled US$2.83 million represents the Company's share in crude oil produced but not yet delivered as of year-end.

Available-for-sale equity Securities reached US$9.04 million at the end of 2013, 6% lower than last year's US$9.60 million due to the decrease in prices of the stocks held by the Company.

Property and Equipment at the end of 2013 increased from US$18.42 million to US$27.70 million. The increase was mainly due to the Company's share in Galoc Phase-II project.

Deferred exploration costs totaled US$0.59 million at the end of 2013, an increase of around 5% from last year's US$0.56 million, which was mainly due to the Company's share in exploration costs in other Service Contract Areas.

Accounts Payable and Accrued Expenses at the end of the year amounted to US$0.64 million.

2012

For the year ended December 31, 2012, the Company has consolidated assets of US$74.61 million, 15% higher than last year's US$65.07 million.

Cash and cash equivalents at the end of 2012 reached US$37.09 million, 12% higher than last year's US$33.04 million. An increase of around US$4.05 million was mainly due to dividends from the company's investments, mainly in preferred shares and the sale or redemption of AFS securities.

Accounts Receivable amounted to US$4.91 million which represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortia, respectively.

Crude oil inventory at year-end totaled US$4.02 million represents the Company's share in crude oil produced but not yet delivered as of year-end.

Available-for-sale equity Securities reached US$9.60 million at the end of 2012, 40% higher than last year's US$6.84 million. The Company continued to increase its portfolio mainly in preferred shares during the year thus the increase in this account.

Property and Equipment at the end of 2012 amounted to US$18.42 million as against last year's US$19.57 million. The net decrease of US$1.15 million was a result from an additional Capex of around US$2.06 for the Company's share in Galoc Phase-II and a deduction of US$3.21 million representing depletion and depreciation for 2012.

Accounts Payable and Accrued Expenses at the end of the year amounted to US$0.61 million.

The causes for material changes (5% or more) of December 31, 2014 figures as compared to December 31, 2013 figures of the following accounts are:

Accounts	December 31, 2014	December 31, 2013	Change	%	Remarks
Balance Sheet					
Cash and cash equivalents	43,566,296	35,037,700	8,528,596	24.34	Increase due to share in cash distribution from Galoc operations.
Accounts Receivable	2,268,489	4,328,859	(2,060,370)	(47.60)	Decrease due to lower crude oil price and volume sold and delivered towards the end of the year.
Crude Oil Inventory	1,805,730	2,831,426	(1,025,696)	(36.23)	Decrease pertain to lower crude oil produced at the end of the reporting period.
Available – for Sale Securities	13,311,120	9,041,633	4,269,487	47.22	Increase refer to additional investments made by the Company during the reporting year.
Property, plant and equipment	16,639,094	27,704,901	(11,065,807)	(39.94)	Decrease due to depletion and depreciation recognized for the reporting year.
Income Statement					
Revenues from Petroleum Operations	22,558,228	15,825,328	6,732,900	42.55	Please refer to the discussion under Results of Operations on page 9.
Petroleum Production Costs	6,296,221	6,809,862	(513,862)	(7.54)	Decrease refer to lower operating costs.
Depletion, depreciation and amortization	12,535,020	4,113,423	8,421,597	204.73	Increase pertain to increased production from petroleum operations.
Interest and Other Income (expenses) – net	1,415,142	1,449,848	(34,706)	(2.39)	Please refer to the discussion under Results of Operations on page 9.

I. Key Performance Indicators

	2014	2013	2012
Current Ratio	**77.32**	64.72	72.15
Net Working Capital Ratio	**0.62**	0.52	0.61
Return on Assets	**4.75%**	11.33%	12.52%
Return on Equity	**5.53%**	6.78%	13.84%
Ratio of Debt-to-Equity	**0.03**	0.04	0.04

Figures are based on Audited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets. Return on assets percentage pertains to operating income (loss) over average total assets while return on equity percentage is computed by dividing net income (loss) over average stockholder's equity. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity.

II. The Company has no knowledge of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

III. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

IV. There are no significant Capital expenditures during the reporting period.

V. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

VI. There are no seasonal aspects that had a material effect on the Company's financial condition or results of operation.

Item 7. Financial Statement

The Audited Consolidated Financial Statements are filed as part of this Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

1. External Audit Fees and Services
    a. Audit and Audit-Related Fees

        Our external auditor, SGV & Co. has billed the Company a total audit fee of US$18,231.12 for the last two (2) fiscal years, 2014 and 2013, for the audit of the Company's annual financial statements in connection with statutory and regulatory filings for the last two (2) fiscal years.

Aside from the abovementioned service by the external auditor, there had been no other services that was requested from and performed by the external auditor.

b. Tax Fees

The Company had not contracted the external auditor for services related to tax accounting, compliance, advice, planning and any other form of tax services for the last two (2) fiscal years.

c. All Other Fees

The Company had not contracted the external auditor for product and services other than the services reported under items (a) and (b) above for the last two (2) fiscal years.

d. The audit committee's approval policies and procedures for the above services

The stockholders of the Company elect the external auditor during the Annual Stockholders Meeting. The audit committee evaluates and approves audit plans, programs, scope and frequency submitted by the external auditor.

2. Changes and Disagreements With Accountants On Accounting And Financial Disclosure

None.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors And Executive Officers Of The Registrant

The names and ages of directors and executive officers of the Company are as follows:

Directors

Director, Chairman and Chief Executive Officer	James L. Go	Filipino	75
Director, President and Chief Operating Officer	Robert Coyiuto, Jr.	Filipino	63
Director	John Gokongwei, Jr.	Filipino	88
Director	Lance Y. Gokongwei	Filipino	48
Director	Antonio Go	Filipino	74
Director	Benedicto Coyiuto	Filipino	36

Director	Josephine Barcelon	Filipino	55
Director	James Coyiuto	Filipino	61
Director	Ricardo Balbido, Jr.	Filipino	64
Director,	Gabriel Singson	Filipino	85
Director, Assistant Corporate Secretary	Perry L. Pe	Filipino	54
Executive Officers			
SVP- Operations and Administration	Apollo P. Madrid	Filipino	74
SVP – Legal and Corporate Secretary	Ethelwoldo E. Fernandez	Filipino	86
Chief Financial Officer	Aldrich T. Javellana	Filipino	41
Treasurer	Teresita Vasay	Filipino	60

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until successor shall have been elected, appointed or shall have qualified.

The independent directors of the Company are elected according to SRC Rule 38 – *Independent Directors.*

A brief discussion of the directors' and executive officers' business experience and other directorships held in other reporting companies are as follows:

James L. Go, is the Chairman and Chief Executive Officer of the Company since 2002. He is also the Chairman and CEO of JG Summit Holdings, Inc. He is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman and Deputy Chief Executive Officer of Robinsons Retail Holdings, Inc. and a director of Cebu Air, Inc., Marina Center Holdings, Private Limited, United Industrial Corporation Limited, and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Robert Coyiuto, Jr., has been a Director of the Company since 1982 and was previously both Chairman of the Board and President from 1991 to 1993. He has been President and Chief Operating Officer of the Company since 1994. He is also the Chairman and CEO of Prudential Guarantee & Assurance, Inc., PGA Sompo Japan Insurance Inc., Chairman of Hyundai North Edsa, PGA Cars Inc., Coyiuto Foundation and Chairman & President, Calaca High Power Corporation He also serves as Vice Chairman of First Life Financial Co., Inc. and National Grid Corporation of the Philippines. He is also a Director of Universal Robina Corporation; Canon Philippines, Inc. and Trustee of San Beda College.

John L. Gokongwei, Jr., is a Director of the Company. He had been Chairman of the Board and CEO of the Company from 1994 to 2002. He is the founder and Chairman Emeritus of JG Summit Holdings, Inc. (JGSHI) effective January 1, 2002. He continues to be a member of the Board of Directors of JGSHI and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JGSHI and is Chairman Emeritus of certain of its subsidiaries. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc., Deputy Chairman and Director of United Industrial Corporation Limited and a director of Cebu Air, Inc. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received a Master's degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

Lance Y. Gokongwei, 48, has been a Director of the Company since 1994. He is the President and Chief Operating Officer of JGSHI. He had been Executive Vice President of JGSHI and was elected President and Chief Operating Officer effective January 1, 2002. He is also the President and Chief Executive Officer of Universal Robina Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is the Chairman of Robinsons Bank Corporation, Vice Chairman of Robinsons Retail Holdings, Inc. and a director of United Industrial Corporation Limited, and Manila Electric Company. He is a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Antonio L. Go, was elected as an independent director of the company since 2007. He also currently serves as director and President of Equitable Computer Services, Inc. and is Chairman of Equicom Savings Bank and ALGO Leasing and Finance Inc. He is also a director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited, Cebu Air Inc., Pin-An Holdings, Inc., and Equicom Information Technology, and Robinsons Retail Holdings, Inc. He is also a trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor of Science degree in Business Administration. He attended the International Advanced Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

Benedicto Coyiuto, was elected Director of the company during the last Annual Stockholders' Meeting held on June 27, 2013. He is also a Director of PGA Cars, Inc. and PGA Automobile, Inc. He is the Assistant to the Chairman of PGA Sompo Japan Insurance, Inc. He is the son of Mr. Robert Coyiuto, Jr.

Josephine V. Barcelon was elected Director during the meeting of June_2014. She is the president of J.M. Barcelon & Co., Inc., Stockbroker, Member: Philippine Stock Exchange and CEO of the Barcelon Group of Companies.

James Coyiuto, was elected as Director of the Company since 2005. He is also the Director of Prudential Guarantee and Assurance, Inc., Guarantee Development Corporation and PGA, Sompo Japan Insurance Inc.

Ricardo Balbido,Jr., has been elected as an Independent Director of the Company in 2005. Currently, he is doing financial consultancy after retirement from his various banking stint as former President and CEO of Philippine Veterans Bank, former President and COO of Dao Heng Bank, Inc., former Senior Vice President of Bank of the Philippine Islands. He was also former President of the Philippine Clearing House Corporation, and Director of Bankers Association of the Philippines. Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Silliman University and is a Certified Public Accountant. He earned full academics in Master in Business Administration from Ateneo de Manila University.

Gabriel Singson, has been elected as Director of the Company during the annual stockholders meeting held last July 14, 2005. He is a director of Multinational Finance Group Ltd., Summit Forex Brokers Corporation, Summit Point Corporation, and a trustee of the Gokongwei Brothers Foundation, Inc., Tan Yan Kee Foundation and the Ateneo de Manila University. He is also the Chairman of Grepalife Financial Corporation and Chairman of the Advisory Board of Rizal Commercial Banking Corporation. He was the former Governor of the Bangko Sentral ng Pilipinas (1993-1999) and President of the Philippine National Bank (1992-1993). He obtained his LLB degree, cum laude, from the Ateneo Law School and received his Master of Laws from the University of Michigan Law School as a Dewitt Fellow and a Fulbright scholar.

Perry L. Pe, has been the Assistant Corporate Secretary of the Company since 1994. He has been a Director since 1995. He is also the Corporate Secretary of SIAEP and A-Plus; Partner of Romulo, Mabanta, Buenaventura, Sayoc, and Delos Angeles Law Office; Director of Delphi Group, Ace Saatchi Saatchi, AG & P Philippines, Inc. Honorary Consul General of Denmark to the Philippines. Atty. Perry L. Pe is the son-in-law of Mr. John Gokongwei, Jr.

Apollo P. Madrid, has been the Senior Vice President - Operations and Administration of the Company since 1990.

Ethelwoldo E. Fernandez, has been the Corporate Secretary of the Company since 1995. He had been Senior Vice President-Legal of the Company since 1992. He had been counsel to the Law firm of Sycip, Salazar, Hernandez and Gatmaitan until 2003. He is also the Corporate Secretary of Prudential Guarantee and Assurance, Inc.

Aldrich T. Javellana, was appointed Chief Financial Officer of the Company effective October 1, 2014. He is the Vice President and Treasurer of JG Summit Holdings, Inc. Prior to joining JGSHI in 2003, he worked in Corporate Finance with CLSA Exchange Capital. He graduated from De La Salle University with a degree in BS Accountancy and is a Certified Public Accountant.

Teresita Vasay, was appointed Treasurer of the Company effective October 1, 2014. She is also the Treasurer of the Summit Media Group and a Director of various condominium corporations for RLC projects. Ms. Vasay is a Certified Public Accountant and a licensed Real Estate Broker. She was formerly the Treasurer of Robinsons Land Corporation and the Vice President-Controller of the Robinsons Retail Group. She had experience in consumer financing from Filinvest Credit Corporation and practiced public accounting with SGV & Co. prior to joining the Gokongwei group of companies.

The Company's independent directors are Messrs. Ricardo Balbido, Jr. and Antonio Go. They have possessed the qualifications of independent directors as set forth in the SRC Rule 38 – Independent Director, since the time of their initial election.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the directors and officers has been involved in any bankruptcy proceeding in the past five (5) years nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limited their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make significant contribution to the business.

Item 10. Executive Compensation

Summary of annual compensation of Executive Officers (in thousand US$)

	Projected	A C T U A L	
	2015	2014	2013
a) CEO & 4 most highly compensated	168.95	160.90	161.80
James L. Go – Chairman and CEO			
Robert Coyiuto, Jr. – President & COO			
Jeanette Yu – CFO/Treasurer*			
Apollo P. Madrid – SVP-Operations			
Aldrich Javellana – CFO			
Teresita Vasay – Treasurer			
b) All officers as a group	231.30	220.29	223.33

*Ms. Jeanette Yu retired from the company effective October 1, 2014.

c) Compensation of Directors

For 2014, the Company paid a total of US$37,621.43 to its Directors.

d) Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

e) Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

f) There are no employment contracts between the registrant and any of its executive officer.

g) There are no compensatory plan or arrangement, including payments to be received from the registrant, with respect to any executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiaries or from a change in control of the registrant or a change in any executive officer's responsibilities following a change in control and the amount involved, including all periodic payments or installments, which exceeds P2,500,000.

Item 11. Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of March 31, 2015 were as follows:

Class	Name and Address Record/ Beneficial Owner	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
Common	PCD Nominee Corporation[a] Old Makati Stock Exchange Bldg. Ayala Avenue, Makati City	80,895,240,587	Record	Filipino	40.45%
Common	Consolidated Robina Capital Corp.[b] CFC Bldg., E. Rodriguez Avenue Bagong Ilog, Pasig City	37,051,952,896	Record	Filipino	18.53%
Common	R. Coyiuto Securities, Inc.[c] 5th. Flr., Corinthian Plaza Paseo de Roxas, Makati City	21,643,513,252	Record	Filipino	10.82%
Common	Prudential Guarantee & Assurance Inc. [d] 119C Palanca St. Legaspi Village, Makati City	13,341,635,799	Record	Filipino	6.67%

a. PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCDI"), is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCDI's participants, who hold the shares on their behalf, and their clients. PCDI is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.
b. Consolidated Robina Capital Corporation is a 100% subsidiary of JG Summit Holdings, Inc.
- Any one of the following directors of the Company is authorized to vote: Messrs., John Gokongwei, Jr., James Go, Lance Gokongwei
c. R. Coyiuto Securities, Inc. is majority-owned by Mrs. Rosie Coyiuto
- Any one of the following is authorized to vote: Ms. Rosie Coyiuto, Messrs. Philip K. Rico, Samuel Coyiuto, and James Coyiuto.
- There are no participants in the above corporation who hold more than 5% of OPMC's outstanding capital stock.
d. Prudential Guarantee & Assurance, Inc. is majority-owned by Coyiuto Brothers.
- The Indirect Beneficial Ownership of Coyiuto Brothers in PGA, Inc. is as follows:
  - Mr. Robert Coyiuto, Jr. – 1,216,729 shares
  - Mr. James Coyiuto – 413,012 shares

Security Ownership of Management as of December 31, 2014

Class	Name of Beneficial Owner	Position	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
A. Named Executive Officers[1]						
Common	JAMES L. GO*	Chairman and CEO	1	Beneficial	Filipino	Nil
Common	ROBERT R. COYIUTO, JR.*	Director, President and COO	565,664,986	Beneficial	Filipino	0.28%
Common	ETHELWOLDO E. FERNANDEZ*	SVP for Legal / Corporate Secretary	604,787	Beneficial	Filipino	Nil
Common	APOLLO P. MADRID*	SVP for Operations /Administration	1,812,766	Beneficial	Filipino	Nil
		Sub-total	568,082,540			
B. Other Directors and Executive Officers						
Common	JOHN L. GOKONGWEI, JR.	Director	107,001	Beneficial	Filipino	Nil
Common	JOSEPHINE BARCELON	Director	100,000	Beneficial	Filipino	Nil
Common	ANTONIO GO	Director	1	Beneficial	Filipino	Nil
Common	BENEDICTO COYIUTO	Director	10,000	Beneficial	Filipino	Nil
Common	LANCE Y. GOKONGWEI	Director	1	Beneficial	Filipino	Nil
Common	PERRY L. PE*	Director and Asst. Corporate Secretary	513,621	Beneficial	Filipino	Nil

[1] Chief Executive Officer and three (3) among the five (5) most highly compensated executive officers as of December 31, 2014.
*Company's executive officers.

Common	RICARDO BALBIDO, JR.	Director	100,000	Beneficial	Filipino	Nil
Common	JAMES COYIUTO	Director	1	Beneficial	Filipino	Nil
Common	GABRIEL SINGSON	Director	1	Beneficial	Filipino	Nil
		Sub-total	830,626			
All directors and executive officers as a group unnamed			568,913,166		0.28%	

Voting Trust holders of 5% or More

There are no persons holding more than 5% or a class under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the registrant since the beginning of its calendar year.

Item 12. Certain Relationships and Related Transactions

There had been no material transactions during the last two years, nor is any material transaction presently proposed, to which the Company was or is to be a party, in which any director or executive officer of the Company or owner of more than 10% of the Company's voting securities, any relative or spouse of any such director or officer who shares the home of such director or executive officer or owner or more than 10% of the Company's voting securities, is involved.

Related Party Transactions as disclosed in the Annual Audited Financial Statements follow:

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are related entities of the companies by virtue of common ownership and representation to management where significant influence is apparent.

At the end of 2014, the company had Cash and Cash equivalents maintained at various banks including an affiliated bank, Robinson's Bank. The company likewise, leases an office space from an affiliate that is renewable annually.

PART IV. CORPORATE GOVERNANCE

For discussion on the corporate governance of the Company, please refer to the report "Annual Corporate Governance Report as of April 15, 2015" attached as Annex A.

PART V. EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

The following reports on SEC Form 17-C were filed during the last six months period covering this report:

Item 9: Other Matters

1. Disclosure on the Result of Annual Stockholders' Meeting as of June 25, 2014 dated June 27, 2014.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of __________________ on April ______, 2015.

By:

James L. Go
Chairman of the Board
& Chief Executive Officer

Robert Coyiuto, Jr.
President &
Chief Operating Officer

Aldrich T. Javellana
Chief Financial Officer

Ethelwoldo E. Fernandez
Corporate Secretary

Subscribed and sworn to before me this 15 APR 2015 day of April 2015, affiants executed to me their Community Tax Certificate / Passport as follows:

Name	CTC / Passport Number	Date of Issue	Place of Issue
James L. Go	34572293	27 Jan 2015	Pasig City
Robert Coyiuto, Jr.	2451001	27 Jan 2015	Makati City
Aldrich T. Javellana	EC2220893	26 Sept 2014	DFA NCR Central
Ethelwoldo E. Fernandez	0924281	18 Feb 2015	Taytay

Doc. No. 68;
Page No. 15;
Book No. II;
Series of 2015.

Stella Marie A. Medina
Notary Public for Quezon City
Commission No. NP-183 (2014-2015)
16th Floor, Aurora Tower, Araneta Center, Q.C.
IBP No. 0988635; 01.9.15; Q.C. Chapter
PTR No. 0643080; 01.12.15; Q.C.
Roll No. 50379
MCLE No. IV-0020343; 06.18.13

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS

FORM 17-A, ITEM 7

ORIENTAL PETROLEUM AND MINERALS CORPORATION
34th. Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
☎: 633-7631 to 40, 637-1670 to 79 Extensions 277, 278, 279, 280, 281 • 🖷: 395-2586

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Oriental Petroleum and Minerals Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including the schedule of all effective standards and interpretations and schedule of retained earnings available for dividend declaration as at December 31, 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders for the years December 31, 2014 and 2013, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

James L. Go
Chairman of the Board & Chief Executive Officer

Robert Coyiuto, Jr.
President & Chief Operating Officer

Aldrich T. Javellana
Chief Financial Officer

Subscribed and sworn to before me this 15th day of April 2015 in Quezon City, Philippines, affiants exhibited to me their government issued IDs as follows:

Name	Government ID
James L. Go	TIN: 124-294-200
Robert Coyiuto, Jr.	TIN: 104-728-734
Aldrich T. Javellana	Phil. Passport: EC2220893

Doc. No. 69;
Page No. 15;
Book No. II;
Series of 2015.

Stella Marie A. Medina
Notary Public for Quezon City
Commission No. NP-183 (2014-2015)
16th Floor, Aurora Tower, Araneta Center, Q.C.
IBP No. 0988635; 01.9.15; Q.C. Chapter
PTR No. 0643080; 01.12.15; Q.C.
Roll No. 50379
MCLE No. IV-0020843; 06.18.13

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4 0 0 5 8

Company Name

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

34th FlooR, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	633-7631	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,915	June 30	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Riana Caratay-Infante	Riana.caratay@urc.com.ph	633-7631	N/A

Contact Person's Address

c/o OPMC

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited the accompanying consolidated financial statements of Oriental Petroleum and Minerals Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SGV
Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Oriental Petroleum and Minerals Corporation and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the consolidated financial statements which discusses the suspension of the production activities in the West Linapacan Oilfield. Among the other operations of the Group, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discovery of oil in commercial quantities that would result from the successful redevelopment activities thereon.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751335, January 5, 2015, Makati City

April 14, 2015

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollars)

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 20)	**$43,566,296**	$35,037,700
Short-term investments (Notes 6 and 20)	**4,965,913**	–
Receivables (Notes 7, 8 and 20)	**2,268,489**	4,328,859
Crude oil inventory	**1,805,730**	2,831,426
Other current assets	**9,609**	10,272
Total Current Assets	**52,616,037**	42,208,257
Noncurrent Assets		
Available-for-sale investments (Notes 9 and 20)	**13,311,120**	9,041,633
Property and equipment (Notes 8 and 10)	**16,639,094**	27,704,901
Deferred exploration costs (Notes 8 and 11)	**599,301**	590,229
Other noncurrent assets	–	1,124
Total Noncurrent Assets	**30,549,515**	37,337,887
	$83,165,552	$79,546,144
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12 and 20)	**$680,511**	$639,218
Income tax payable	–	12,987
Total Current Liabilities	**680,511**	652,205
Noncurrent Liabilities		
Pension liabilities (Note 16)	**146,977**	56,386
Deferred tax liabilities (Note 17)	**1,565,453**	2,100,142
Total Noncurrent Liabilities	**1,712,430**	2,156,528
	2,392,941	2,808,733
Equity		
Capital stock (Note 13)	**82,268,978**	82,268,978
Subscriptions receivable (Note 13)	**(373,417)**	(374,252)
Capital in excess of par value (Note 13)	**3,650,477**	3,650,477
Deficit	**(5,399,878)**	(9,758,103)
Reserve for fluctuation in value of available-for-sale investments (Note 9)	**517,094**	764,299
Remeasurement gains on pension liability (Note 16)	**152,770**	165,139
Cumulative translation adjustment	**(43,413)**	20,873
Total Equity	**80,772,611**	76,737,411
	$83,165,552	$79,546,144

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2014	2013	2012
REVENUE FROM PETROLEUM OPERATIONS (Note 8)	**$22,558,228**	$15,825,328	$15,355,795
PETROLEUM PRODUCTION COSTS (Note 8)	**6,296,221**	6,809,862	6,016,007
GROSS PROFIT	**16,262,007**	9,015,466	9,339,788
EXPENSES (OTHER INCOME)			
Depletion, depreciation and amortization expenses (Notes 8 and 10)	**12,535,020**	4,113,423	3,214,073
General and administrative expenses (Note 14)	**499,056**	543,966	422,285
Research and development costs	**47,768**	667,840	–
Unrealized foreign exchange losses (gains)	**665,390**	7,456	(931,729)
Interest income (Notes 6 and 19)	**(809,185)**	(750,908)	(782,681)
Other income (Note 15)	**(605,957)**	(698,940)	(1,851,576)
	12,332,092	3,882,837	70,372
INCOME BEFORE INCOME TAX	**3,929,915**	5,132,629	9,269,416
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)			
Current	**66,393**	78,249	128,747
Deferred	**(494,703)**	16,337	(525,552)
	(428,310)	94,586	(396,805)
NET INCOME	**$4,358,225**	$5,038,043	$9,666,221
Basic/Diluted Earnings Per Share (Note 18)	**$0.000022**	$0.000025	$0.000048

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2014	2013	2012
NET INCOME	**$4,358,225**	$5,038,043	$9,666,221
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods			
Movement in reserve for fluctuation in value of available-for-sale investments (Note 9)	**(247,205)**	(167,504)	319,654
Items not to be reclassified to profit or loss in subsequent periods			
Changes in cumulative translation adjustment	**(64,286)**	34,598	(1,486)
Remeasurement gains (losses) on pension liability - net of tax (Note 16)	**(12,369)**	(3,126)	168,265
	(323,860)	(136,032)	486,433
TOTAL COMPREHENSIVE INCOME	**$4,034,365**	$4,902,011	$10,152,654

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In U.S. Dollars)

	Capital Stock (Note 13)	Subscriptions Receivable (Note 13)	Capital in Excess of Par Value (Note 13)	Deficit	Reserve for Fluctuation in value of Available-for-Sale Investments (Note 9)	Remeasurement Gains (Losses) on Pension Liability (Note 16)	Cumulative Translation Adjustment	Total
				For the Year Ended December 31, 2014				
Balances as of January 1, 2014	**$82,268,978**	**($374,252)**	**$3,650,477**	**($9,758,103)**	**$764,299**	**$165,139**	**$20,873**	**$76,737,411**
Comprehensive income								
Net income	–	–	–	4,358,225	–	–	–	4,358,225
Other comprehensive income	–	–	–	–	(247,205)	(12,369)	(64,286)	(323,860)
Total comprehensive income	–	–	–	4,358,225	(247,205)	(12,369)	(64,286)	4,034,365
Collection of subscription receivable	–	835	–	–	–	–	–	835
Balances as of December 31, 2014	**$82,268,978**	**($373,417)**	**$3,650,477**	**($5,399,878)**	**$517,094**	**$152,770**	**($43,413)**	**$80,772,611**

	Capital Stock (Note 13)	Subscriptions Receivable (Note 13)	Capital in Excess of Par Value (Note 13)	Deficit	Reserve for Fluctuation in value of Available-for-Sale Investments (Note 9)	Remeasurement Gains (Losses) on Pension Liability (Note 16)	Cumulative Translation Adjustment	Total
				For the Year Ended December 31, 2013				
Balances as of January 1, 2013	$82,268,978	($374,252)	$3,650,477	($14,796,146)	$931,803	$168,265	($13,725)	$71,835,400
Comprehensive income								
Net income	–	–	–	5,038,043	–	–	–	5,038,043
Other comprehensive loss	–	–	–	–	(167,504)	(3,126)	34,598	(136,032)
Total comprehensive income (loss)	–	–	–	5,038,043	(167,504)	(3,126)	34,598	4,902,011
Balances as of December 31, 2013	$82,268,978	($374,252)	$3,650,477	($9,758,103)	$764,299	$165,139	$20,873	$76,737,411
				For the Year Ended December 31, 2012				
Balances as of January 1, 2012	$82,268,978	($374,252)	$3,650,477	($24,462,367)	$612,149	$–	($12,239)	$61,682,746
Comprehensive income								
Net income	–	–	–	9,666,221	–	–	–	9,666,221
Other comprehensive income	–	–		–	319,654	168,265	(1,486)	486,433
Total comprehensive income	–	–	–	9,666,221	319,654	168,265	(1,486)	10,152,654
Balances as of December 31, 2012	$82,268,978	($374,252)	$3,650,477	($14,796,146)	$931,803	$168,265	($13,725)	$71,835,400

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. Dollars)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**$3,929,915**	$5,132,629	$9,269,416
Adjustments for:			
Depletion, depreciation and amortization expenses (Notes 8 and 10)	**12,535,020**	4,113,423	3,214,073
Unrealized foreign exchange loss (gain)	**665,390**	(45,391)	(931,729)
Interest income (Notes 6 and 19)	**(809,185)**	(750,908)	(782,681)
Movement in pension liability (Note 16)	**8,237**	59,537	21,087
Dividend income (Note 15)	**(579,786)**	(710,180)	(599,989)
Loss (gain) on disposal of available-for-sale investments (Notes 9 and 15)	**–**	11,240	(1,251,587)
Operating income before working capital changes	**15,749,591**	7,810,350	8,938,590
Changes in operating assets and liabilities			
Decrease (increase) in:			
Short-term invesments	**(4,965,913)**	–	–
Receivables	**2,094,232**	580,382	174,426
Crude oil inventory	**1,025,696**	1,184,384	(4,015,810)
Other current assets	**663**	59	(289)
Other noncurrent assets	**1,124**	93	–
Increase in accounts and other payables	**3,742**	28,188	(5,309)
Net cash flows generated from operations	**13,909,135**	9,603,456	5,091,608
Income tax paid	**(79,380)**	(26,861)	(103,726)
Net cash flows provided by operating activities	**13,829,755**	9,576,595	4,987,882
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Note 10)	**(1,469,213)**	(13,395,628)	(2,068,123)
Additions to deferred exploration costs (Note 11)	**(9,072)**	(28,028)	(2,869)
Proceeds from sale of available-for-sale investments (Note 9)	**–**	4,849,803	1,915,282
Interest received	**774,600**	687,233	754,548
Dividends received (Note 15)	**579,786**	710,180	599,989
Acquisitions of available-for-sale investments (Note 9)	**(4,544,216)**	(4,473,203)	(2,585,659)
Net cash flows used in investing activities	**(4,668,115)**	(11,649,643)	(1,386,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of subscription receivable	**835**	–	–
EFFECTS OF CUMULATIVE TRANSLATION ADJUSTMENT	**(79,972)**	34,598	(1,486)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(553,907)**	(11,666)	452,148
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,528,596**	(2,050,116)	4,051,712
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**35,037,700**	37,087,816	33,036,104
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**$43,566,296**	$35,037,700	$37,087,816

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In U.S. Dollars)

1. Corporate Information and Status of Operations

Oriental Petroleum and Minerals Corporation (the Parent Company) and its subsidiaries (collectively referred to as “the Group”) were organized under the laws of the Republic of the Philippines to engage in oil exploration and development activities. The Parent Company was incorporated on December 22, 1969.

The Parent Company’s principal office is located at 34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City. The Parent Company was listed in the Philippine Stock Exchange (PSE) on October 14, 1970.

The Group is 19.4% owned by JG Summit Holdings, Inc. (JGHSI), the ultimate parent company.

<u>Service Contract (SC) 14</u>
On December 15, 1975, pursuant to Section 7 of the Oil Exploration and Development Act of 1972 (Presidential Decree 87 dated November 21, 1972), the Group, together with other participants (collectively referred to as the Consortium), entered into a service contract with the Philippine Government through the Petroleum Board, now the Department of Energy (DOE) for the exploration, exploitation and development of the contract area in Northwest offshore Palawan, Philippines, which was amended from time to time. This contract area includes the Nido, Matinloc, West Linapacan and Galoc Field where significant hydrocarbon deposits were discovered.

The contract areas (i.e., Blocks A, B, C and D) covered by SC 14 are situated offshore Northwest of Palawan Island, Philippines. Crude oil production in the West Linapacan Oilfield in Block C of SC 14 was suspended in 1999 due to a significant decline in crude oil production caused by increasing water intrusion. However, the Parent Company participates in the production of other fields, including Nido, Galoc and Matinloc. Total production from these fields is modest but enough to cover operating and overhead expenses of SC 14.

In 2014 and 2013, production activities continued in Blocks A, B, B1 and C of SC 14. The Galoc oilfield located in Block C was declared commercial on June 22, 2009 with effectivity on June 19, 2009. Block D remains a retained area.

In December 2010, the DOE extended the term of SC 14 for another 15 years or up to December 17, 2025.

<u>SC 14 - Galoc</u>
<u>Farm-in Agreement (FA)</u>
On September 23, 2004, Team Oil (TEAM) and Cape Energy (CAPE) entered into a FA with the SC - 14C - Galoc joint venture partners for the development of the Galoc Field. The FA was concluded in a Deed of Assignment (DA) dated August 22, 2005 where TEAM and CAPE designated Galoc Production Company (GPC) as the special purpose company to accept the assigned participating interest and to act as the Operator of the Galoc production area.

Under the FA and DA, GPC will pay 77.721% of the cost to develop the Galoc Field in exchange for a 58.291% participating interest in the area. Other significant terms and conditions of the Agreements follow:

1) That GPC, together with the other paying party, Nido Petroleum Philippines, Pty. Ltd. (Nido Petroleum), be allowed to first recover their share of the development cost from crude oil sales proceeds from the Galoc Field after production expenses.
2) That GPC will be assigned its pro-rata share of the $68 million historical cost recovery of the Galoc block equivalent to $33 million to be recovered pursuant to the terms of the Block C agreement below.

3) That GPC will reimburse the joint venture partners (except GPC and Nido Petroleum) for expenditures previously incurred in relation to the Galoc Field as follows:

   a) $1.5 million payable out of 50% of GPC's share of the Filipino Participation Incentive Allowance (FPIA); and

   b) $1.5 million payable upon reaching a cumulative production of 35 million barrels of oil from the Galoc Field.

On July 1, 2009, GPC and the other joint venture partners purchased additional interest in the field from Petroenergy Resources Corporation (Petroenergy) and Alcorn Gold Resources Corporation (AGRC).

As of December 31, 2014 and 2013, the Consortium consists of the Parent Company (5.105%), GPC (59.845%), Nido Petroleum (22.880%), Philodrill Corporation (Philodrill) (7.215%), Forum Energy Philippines Corporation (2.276%), and Linapacan Oil Gas and Power Corporation (LOGPOCOR) (2.680%).

Extended Production Test (EPT) Agreement

On August 10, 2006, an EPT agreement was made and entered into by the DOE and GPC and its partners (referred to as "contractors" under the EPT agreement). The purpose of the EPT is to obtain dynamic performance data for the Galoc reservoir and to confirm the presence and continuity of at least two significant channel sandbodies by undertaking an EPT of a well designed to prove each channel.

In consideration of the risk and undertaking assumed by the contractor under the EPT agreement, the contractor shall market crude produced and saved from the EPT and is allowed to retain the gross proceeds for the recovery of 100% of all operating expenses incurred in the EPT. Any amount of gross proceeds in excess of the cost of the EPT shall be subject to 60-40 sharing in favor of the Philippine Government.

The duration of the EPT is a minimum of 90 days of actual crude flow from at least one well excluding delays which arise from breakdowns, repairs or replacements, well conditions or other conditions. The EPT will be terminated upon the earliest of 182 days of actual crude production or when sufficient data has been obtained or viability of the Galoc Field has been established by the contractors in conjunction with the DOE.

On termination, the contractors shall either declare commerciality of the field and commit to undertake development, or declare the field to be noncommercial for further development or production and commence abandonment and demobilization of the EPT facilities.

The EPT period ended on June 18, 2009.

Joint Operating Agreement (JOA)
On September 12, 2006, the Consortium entered into a JOA, amending the existing JOA, for the purpose of regulating the joint operations in the Galoc Block. The JOA shall continue for as long as:

1) the provisions in SC 14 in respect of the Galoc Block remain in force;
2) until all properties acquired or held for use in connection with the joint operations has been disposed of and final settlement has been made between the parties in accordance with their respective rights and obligations in the Galoc Block; and
3) without prejudice to the continuing obligations of any provisions of the JOA which are expressed to or by their natures would be required to apply after such final settlement.

Block C Agreement
In 2006, Block C Agreement was entered into by the consortium members (the Galoc Block Owners) of SC 14C - Galoc to specify gross proceeds allocation as well as the rights and obligations relating to their respective ownership interest in the Galoc Block (the "Galoc Contract Area Rights") and their respective ownership interest in the Remaining Block (except for GPC).

The agreement also clarifies how GPC and Philodrill, which are the designated Operator of the Galoc Block and the Remaining Block, respectively, shall work together to perform their obligations and exercise their rights as Operator.

The Allocation of Contract Area Rights under Section 3 of the Block C Agreement provides that:

1) GPC shall be entitled to the FPIA, Production Allowance, Recovery of Operating Expenses and the Net Proceeds of the SC 14 insofar as it relates to the Galoc Block.

2) The portion of the Galoc Contract Area Rights allocable as FPIA, Production Allowance and Net Proceeds shall be distributed as follows:

   a) GPC shall be allocated an amount equal to its participating interest in the Galoc Block which is currently 58.291%.

   b) Nido Petroleum and Philodrill shall be allocated an amount equal to 17.500% and 4.375%, respectively.

   c) The balance of 19.834% shall be allocated to the Remaining Block (except GPC) in accordance with number 5 below.

3) The portion of the Galoc Contract Area Rights allocable to recovery of operating expenses (the reimbursement amount) shall be distributed as follows:

   a) First, an amount equal to the operating expenses incurred by the Galoc Block Owners in respect of production costs on and from the date of the 2nd Galoc well being brought on stream shall be allocated to each Galoc Block Owner in accordance with each Galoc Block Owner's participating interest.

   b) Second, an amount equal to the operating expenses incurred by GPC and Nido Petroleum in respect of the Galoc Block (excluding the $68 million historical cost assigned to the

Galoc Block pursuant to the FA) shall be allocated 77.721% to GPC and the balance of 22.279% to Nido Petroleum.

c) Third, any reimbursement amount remaining after applying the provisions of 3a and 3b above shall be allocated 58.291% to GPC, 17.500% to Nido Petroleum, 4.375% to Philodrill and 19.834% to the Galoc Block Owners (except GPC but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 19.834% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

d) Fourth, any reimbursement amount remaining after applying the provisions of 3a, 3b and 3c above shall be allocated 38.861% to GPC, 17.500% to Nido Petroleum and the balance of 43.639% to the Galoc Block Owners (except GPC but including Nido Petroleum only in relation to its remaining 4.779% interest in the Galoc Block) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 43.639% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

4) After the provisions in Clause 3.3 of the Block C Agreement (as detailed in number 3 above) have been satisfied, all the Galoc Block Owners shall share the reimbursement amount in accordance with each Galoc Block Owner's participating interest as follows:

a) GPC, Nido Petroleum and Philodrill shall receive 58.291%, 17.500% and 4.375%, respectively; and

b) The balance of 19.834% shall be distributed by GPC to the Galoc Block Owners (except Galoc but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) in accordance with Clause 5 of the Block C Agreement (see number 5 below).

5) All amounts due to the Galoc Block Owners (except GPC) pursuant to Clauses 3.2, 3.3c, 3.3d and 3.4 (see numbers 2, 3c, 3d and 4 above) (the "Outstanding Balance"), shall be distributed by GPC in accordance with written instructions to distribute the Outstanding Balance authorized by all the other Galoc Block Owners.

Effective July 1, 2009, the amount allocated to Petroenergy and AGRC in accordance with the Block C agreement shall be allocated to the remaining partners in accordance with the amount of additional interest they have purchased from Petroenergy and AGRC. The additional interest purchased are as follows: Nido Petroleum (0.60052%), Philodrill (0.19745%), Parent Company (0.13970%) and LOGPOCOR (0.07335%).

The Block C agreement shall terminate when SC 14 terminates.

<u>Lifting Agreement</u>
In 2008, GPC and its partners entered into a lifting agreement which provides for the lifting procedures to be applied by GPC to ensure that:
1) each lifter is able to lift its Lifting Entitlement on a timely basis;
2) each lifter receives its Actual Lifting Proceeds;
3) overlift and underlift position of each party are monitored and settled;
4) each lifter pays its Actual Lifting Deduction Payment to the GPC; and

5) GPC has sufficient funds in the Joint Account to pay the Philippine Government and the Filipino Group Entitlement.

The terms of the Block C Agreement shall prevail in the event of a conflict with the terms of this agreement.

The agreement shall terminate when SC 14 terminates unless terminated earlier by the unanimous written agreement by the parties.

Decommissioning Agreement (DA)
On December 12, 2008, GPC and its partners entered into a DA which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned in accordance with the laws of the Philippines, including all regulations issued pursuant to the Oil Exploration and Development Act of 1972.

In accordance with the DA, each party has a liability to fund a percentage of the decommissioning costs (to be determined at a later date), which shall be equal to the party's percentage interest. The funding of the decommissioning costs shall commence on the date ("Funding Date") GPC issues a written notice to the DOE after completion of the EPT, specifying the date of commencement of commercial operations of the Galoc Block. The decommissioning cost, as funded, shall be kept in escrow with a bank of international standing and repute to be appointed by GPC.

The DA shall terminate when SC 14 terminates.

As of December 31, 2014, the Group has funded $0.02 million of its share in the decommissioning liability.

SC-14C - West Linapacan
A farm-in agreement was signed in May 2008 with Pitkin Petroleum Plc. The agreement requires the farm-in party /Farminee to carry out, at its own cost, technical studies, drill a well or wells, and redevelop the West Linapacan-A oilfield. In return, Pitkin Petroleum Plc. will earn 75% interest out of the share of the farming-out parties/Farmors. Pitkin assumed the role as Operator of the block. The farming-out parties / Farmors are carried free up to commercial "first oil" production.

Pitkin Petroleum Plc. will have earned 58.29% interest after fulfilling their work obligations. In February 2011, Pitkin farmed-out half of the 58.29% interest to Resources Management Associates Pty Ltd. of Australia (RMA). This transfer of interest was approved by the Department of Energy (DOE) in July 2011. The transfer of operatorship to RMA was approved by the DOE in April 2012. The Farmors continued to be carried free up to commercial first oil production.RMA carried technical studies that will lead to the drilling and re-development of the West Linapacan-A structure. An independent third party assessment was also commissioned to determine the range of recoverable reserves from the structure.

In 2014, preparations were made to drill a well with spud-in date no later than end December 2014. However, there was difficulty in raising the necessary funding for the drilling operations. Starting the second half of 2014, prices of crude oil world wide started to dramatically decline. This decline continued up to the end of the year.

Participating Interests
As of December 31, 2014 and 2013, the Parent Company and LOGPOCOR have the following participating interests in the various SCs:

	2014	2013
	(In Percentage)	
SC 14 (Northwest Palawan)		
Block A (Nido)	**42.940**	42.940
Block B (Matinloc)	**17.703**	17.703
Block B-1 (North Matinloc)	**27.772**	27.772
Block C (West Linapacan)	**7.572**	7.572
Block C (Galoc)	**7.785**	7.785
Block D	**20.829**	20.829
SC 6 (Bonita)	**14.063**	14.063

Among the other operations of the Group, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discoveries of oil in commercial quantities as a result of the success of redevelopment activities thereof.

2. Basis of Preparation

The accompanying consolidated financial statements of the Parent Company and its wholly-owned subsidiaries, LOGPOCOR, Oriental Mahogany Woodworks, Inc. (OMWI) and Oriental Land Corporation (OLC), collectively referred to as the "Group", which include the share in the assets, liabilities, income and expenses of the joint operations covered by the SCs as discussed in Note 1 to the consolidated financial statements, have been prepared on a historical cost basis, except for available-for-sale (AFS) investments and crude oil inventory that have been measured at fair value.

The consolidated financial statements are presented in U.S. Dollars, the Parent Company's functional currency. Amounts are adjusted to the nearest dollar unless otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each year. The subsidiaries are all incorporated in the Philippines.

The financial statements of LOGPOCOR, OMWI and OLC are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls a subsidiary if and only if the Group has:

a.) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
b.) Exposure, or rights, to variable returns from its involvement with the investee, and
c.) The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a.) The contractual arrangement with the other vote holders of the investee
b.) Rights arising from other contractual arrangements
c.) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

3. **Changes in Accounting Policies and Disclosures**

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014. However, they do not impact the annual consolidated financial statements of the Group.

The nature and impact of each new standard and amendment is described below:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective

application is required. These amendments have no impact on the Group as the Group has no derivatives during the current or prior periods.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's consolidated financial statements.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRSs (2010-2012 cycle)
In the 2010 - 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

Annual Improvements to PFRSs (2011-2013 cycle)
In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

<u>Standards Issued But Not Yet Effective</u>
The Group has not applied the following PFRS, PAS and Philippine Interpretations which are not yet effective as of December 31, 2014. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

- PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of

principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

In compliance with SEC Memorandum Circular No. 3, series of 2012, the Company has conducted a study on the impact of an early adoption of PFRS 9. After a careful consideration of the results on the impact evaluation, the Company has decided not to early adopt PFRS 9 for its 2014 annual financial reporting. Therefore, these financial statements do not reflect the impact of the said standard.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group as the Group ceased to be in the real estate business.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  This amendment will not have an impact since the Group has no share-based payment.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment will have no significant impact on the Group's consolidated financial position or performance as the Group do not use revaluation model in measuring its property and equipment.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to

disclose the expenses incurred for management services. This amendment does not apply to the Group as it has no management entity.

<u>Annual Improvements to PFRSs (2011-2013 cycle)</u>
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The amendment will have no impact on the Group's consolidated financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (*or PFRS 9, as applicable*). The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). These amendments will not have any impact on the Group's consolidated financial statements.

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before

maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016. The amendment will have no significant impact on the Group's consolidated financial position or performance given that the Group is not involved in sale or contribution of assets with its investor or with an associate or joint venture.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group since the Group was not involved in acquisitions of interests in joint operations.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

<u>Annual Improvements to PFRSs (2012-2014 cycle)</u>
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. Since the Group has no non-current assets held for sale and discontinued operations, this amendment is not expected to have impact to the Group's consolidated financial statements.

- PFRS 7, *Financial Instruments: Disclosures -Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments. The amendment is not expected to have material impact to the Group's financial statements given that the Group has no transfers of financial asset qualified for derecognition in its entirety and retains the right to service the financial asset for a fee.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. This is amendment is not expected to have material impact to the Group since the Group does not offset its financial assets against financial liabilities.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated,

rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The Group does not expect this amendment to have material impact to the Group's financial statements.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendment will have no significant impact on the Group's consolidated financial position or performance.

Effective January 1, 2018

- PFRS 9, *Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC

- IFRS 15 Revenue from Contracts with Customers
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting Policies

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from petroleum operation
Revenue from producing oil wells is recognized as income at the time of production.

Interest income
Interest income is recognized as it accrues using the effective interest method, the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of that financial asset.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Cost and Expenses
Cost of services and general and administrative expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. These are recognized:

(a) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
(c) immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Petroleum Production Cost
Petroleum production cost represents costs that are directly attributable in recognizing oil revenue.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition of financial instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through

profit or loss (FVPL), the initial measurement of financial assets and liabilities includes transaction costs.

Financial instruments within the scope of PAS 39 are classified as either financial assets or liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities, as appropriate. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As of December 31, 2014 and 2013, the Group has no financial assets and liabilities at FVPL and HTM investments.

Day 1 difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

The Group's loans and receivables include cash and cash equivalents, short-term investments and receivables.

AFS investments
AFS investments are those non derivative financial assets that are designated as such or do not qualify as financial assets at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include government securities, equity investments and other debt instruments.

After initial measurement, AFS investments are measured at fair value with unrealized gains or losses being recognized directly in the consolidated statement of comprehensive income as “Reserve for fluctuation in value of AFS investments”. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of income. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate (EIR). Dividends earned on investments are recognized in the consolidated statement of income when the right to receive has been established.

As of December 31, 2014 and 2013, the Group has available-for-sale investments amounting to \$13.31 million and \$9.04 million, respectively (see Note 9).

Other financial liabilities
Issued financial instruments or their components, which are not designated as FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount of premium on the issue and fees that are an integral part of the EIR. Any effects on restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of income.

The Group’s other financial liabilities include accounts and other payables.

<u>Classification of Financial Instruments Between Debt and Equity</u>
A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

<u>Impairment of Financial Assets</u>
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in consolidated statement of income during the period in which it arises.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed the amortized cost at the reversal date.

AFS investments carried at cost
If there is an objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments carried at fair value
In the case of equity investments classified as AFS, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income, is removed from other comprehensive income and recognized in consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of "Other income" in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements and that are subject to insignificant risk of change in value.

Crude Oil Inventory

Crude oil inventory is valued at the prevailing market price at the time of production.

Property and Equipment
Transportation equipment and office furniture and equipment are carried at cost less accumulated depreciation and any impairment in value.

Wells, platforms and other facilities are carried at cost less accumulated depletion and any impairment in value.

The initial cost of property and equipment, other than wells, platforms and other facilities, comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Subsequent costs are capitalized as part of these assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

In situations where it can be clearly demonstrated that to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

When assets are retired or otherwise disposed of, the cost of the related accumulated depletion and depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Depreciation of property and equipment, other than wells, platforms and other facilities, commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Transportation equipment	6
Office furniture and equipment	5-10

Depletion, depreciation and amortization of capitalized costs related to the contract areas under “Wells, platforms and other facilities” in commercial operations is calculated using the unit-of-production method based on estimates of proved reserves.

The EUL and depletion and depreciation, residual values and amortization methods are reviewed periodically to ensure that the period and methods of depletion and depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Interest in Jointly Controlled Assets
Interests in jointly controlled assets are accounted for by recognizing in the consolidated financial statements the Group’s share in the jointly controlled assets and are included principally in the “Property and equipment” and “Deferred exploration costs” accounts in the consolidated statement of financial position and any liabilities incurred jointly with the other venturers as well as the related revenues and expenses of the joint venture. The Group also recognized the expenses which it has incurred in respect of its interest in the joint venture and the related liabilities.

Deferred Exploration Costs
The Group follows the full cost method of accounting for exploration costs determined on the basis of each SC/Geophysical Survey and Exploration Contract (GSEC) area. Under this method, all exploration costs relating to each SC/GSEC are deferred pending determination of whether the

contract area contains oil and gas reserves in commercial quantities. The exploration costs relating to the SC/GSEC area where oil and gas in commercial quantities are discovered are subsequently capitalized as “Wells, platforms and other facilities” shown under the “Property and equipment” account in the consolidated statement of financial position upon commercial production. When the SC/GSEC is permanently abandoned or the Group has withdrawn from the consortium, the related deferred oil exploration costs are written-off. SCs and GSECs are considered permanently abandoned if the SCs and GSECs have expired and/or there are no definite plans for further exploration and/or development.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the Group’s property and equipment and deferred exploration costs may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. Recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate.

Equity

Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized in the “Capital in excess of par value” account; any incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from it.

Subscriptions Receivable

Subscriptions receivable represents shares subscribed but not fully paid.

Deficit

Deficit represents accumulated profit and losses of the Group and with consideration of any changes in accounting policies and errors applied retrospectively.

Other Comprehensive Income (OCI)
OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. The Group's OCI in 2014 and 2013 pertains to reserve for fluctuation in value of available-for-sale investments which can be reclassified to profit or loss in subsequent period and remeasurement gains (losses) on pension liability which cannot be recycled to profit or loss in the subsequent period.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specific asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (b), or (d) and at the date of renewal or extension period for the scenario (c).

Operating Lease
Group as a lessee
Lease of assets under which the lessor effectively retains all the risks and rewards of ownership is classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is provided, on all temporary differences, with certain exceptions, at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction in a transaction that is not a business combination and at the time of transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are charged against or credited to income in the period.

Deferred tax relating to items recognized directly in equity is recognized as other comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pension Expense
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account "Remeasurement gains (losses) on pension liabilities" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Research and Development Costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Foreign Currency-denominated Transactions and Translations
The consolidated financial statements are presented in U.S. Dollar, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign currency translations are charged or credited to the consolidated statement of income.

All differences are taken to the consolidated statements of income with the exception of differences on foreign currency borrowings that provide, if any, a hedge against a net investment in a foreign entity. These are taken directly to equity until disposal of the net investment, at which time they are recognized in the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Parent Company's subsidiary, OMWI, and OLC is Philippine Peso. As at reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (the US Dollars) at the exchange rate at the reporting date and the consolidated statements of income accounts are translated at weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to "Cumulative translation adjustment" account in the equity section of the consolidated statements of financial position. Upon disposal of a subsidiary, the deferred cumulative translation adjustment amount recognized in equity relating to that particular subsidiary is recognized in the consolidated statement of income.

Earnings Per Share
Earnings per share is determined by dividing net income (loss) by the weighted average number of shares outstanding for each year after retroactive adjustment for any stock dividends declared. Diluted earnings per share is computed by dividing net income applicable to common stockholders by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of dilutive potential common shares.

Operating Segments
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's business segments consist of: (1) oil exploration and development; (2) furniture manufacturing and distribution; and (3) real estate. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated

financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Going Concern Assessment

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's financial statements continue to be prepared on a going concern basis.

Determination of functional currency

The entities within the Group determine the functional currency based on economic substance of underlying circumstances relevant to each entity within the Group. The determination of functional currency was based on the primary economic environment in which each of the entities generates and expends cash. The Parent Company and LOGPOCOR's functional currency is the US Dollar. The functional currency of OMWI and OLC is Philippine Peso.

As of December 31, 2014 and 2013, the Group's cumulative translation adjustment amounted to ($0.04) million and $0.02 milion, respectively.

Classification of financial instruments

The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position. The classification of financial assets and financial liabilities of the Group are presented in Note 20.

Operating leases - Group as lessee

The Group has entered into property leases for its operations (see Note 19). The Group has determined that the lessor retains all the significant risks and rewards of ownership of these properties that are leased out on operating leases.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair values of financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value which requires extensive use of accounting estimates and judgments. While components of fair value measurements were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets would directly affect the consolidated statements of comprehensive income and consolidated statements of changes in equity, as appropriate (see Note 20).

Impairment of loans and receivables
The Group assesses on a regular basis if there is objective evidence of impairment of loans and receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original EIR. The Group uses individual impairment assessment on its loans and receivables. The Group did not assess its loans and receivables for collective impairment due to the few counterparties which can be specifically identified. The amount of loss is recognized in the consolidated statements of income with a corresponding reduction in the carrying value of the loans and receivables through an allowance account.

As of December 31, 2014 and 2013, the total carrying value of the Group's receivables amounted to \$2.27 million and \$4.33 million, respectively (see Note 7). No allowance for impairment was provided in 2014 and 2013.

Impairment of AFS investments
Quoted shares - at fair value
An impairment loss arises with respect of AFS investments when there is objective evidence of impairment, which involves significant judgment. In applying this judgment, the Group evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, the Group expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology and other factors that affect recoverability of the Group's investments.

Unquoted shares - at cost
Management believes that while the range of fair value estimates is significant, the probabilities of the various estimates cannot be reasonably assessed given the unquoted nature of equity investments. As a result, the Group carries unquoted AFS investments at cost, less any impairment in value.

A net increase (decrease) in market value of AFS investments amounting to (\$0.25) million, (\$0.17) million and \$0.32 million was recognized in 2014, 2013 and 2011, respectively. AFS investments amounted to \$13.31 million and \$9.04 million as of December 31, 2014 and 2013, respectively (see Note 9).

Estimation of proven oil reserves
Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserve estimates are attributed to

future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

Estimated proven oil reserves totaled to 15.25 million barrels for Galoc oil field and 1.37 million barrels for Nido oil field as of December 31, 2014 and 2013, respectively.

Estimation of useful lives of property and equipment
The Group reviews annually the EUL of transportation equipment and office furniture and equipment based on expected asset utilization. It is possible that future results of operations could be affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of these assets would increase the recorded depreciation expense and decrease noncurrent assets.

As of December 31, 2014 and 2013, the Group's property and equipment amounted to \$16.64 million and \$27.70 million, respectively. Depletion, depreciation and amortization expense amounted to \$12.54 million, \$4.11 million and \$3.21 million in 2014, 2013 and 2012, respectively (see Notes 8 and 10).

Impairment of nonfinancial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

As of December 31, 2014 and 2013, management has determined that there are no indications that nonfinancial assets may be impaired.

The related balances follow:

	2014	2013
Property and equipment (Note 10)	**$16,639,094**	$27,704,901
Deferred exploration costs (Note 11)	**599,301**	590,229

Impairment and write-off of deferred exploration costs
The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for impairment.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- the period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to $0.60 million and $0.59 million as of December 31, 2014 and 2013, respectively (see Note 11). No provision for impairment loss was recognized in 2014, 2013 and 2012.

In 2014 and 2013, the Group incurred additional $0.01 million and $0.03 million, respectively for the training assistance that DOE has required for the 15 year period extension of SC 6. The amounts were included in the “deferred explorations costs”.

Pension expense
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 16).

Actual results that differ from the Group’s assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

Pension liability amounted to $0.15 million and $0.06 million as of December 31, 2014 and 2013, respectively (see Note 16).

Recognition of deferred tax assets
Deferred tax assets are recognized for all temporary deductible differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Management has determined based on business forecasts of succeeding years that there is not enough taxable income against which the deferred tax assets will be recognized.

As of December 31, 2014 and 2013, the Group has unrecognized deferred tax assets on temporary differences amounting to $0.50 million and $0.27 million, respectively (see Note 17).

Asset retirement obligation
Plug and abandonment costs are based on estimates made by the service contract operator. These costs are not clearly provided for in the SCs. Management believes that there are no legal and constructive obligations for plug and abandonment costs. As of December 31, 2014 and 2013, the Group has not recognized any asset retirement obligation.

6. Cash and Cash Equivalents

	2014	2013
Petty cash fund	**$224**	$216
Cash in banks	**716,365**	36,552
Short-term deposits	**42,849,707**	35,000,932
	$43,566,296	$35,037,700

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term deposit rates ranging from 1.00% to 2.00% in 2014 and 1.13% to 2.00% in 2013.

Interest income earned from cash in banks and short-term deposits amounted to $0.74 million, $0.75 million and $0.78 million in 2014, 2013 and 2012, respectively (see Note 20).

As of December 31, 2014, the Company has short-term deposits with maturity period of more than three months amounted to $4.97 million. These are excluded from cash and cash equivalents and presented as separate line item under “Short-term investments” as part of current assets.

There are no cash restrictions on the Group’s cash balance as of December 31, 2014 and 2013.

7. Receivables

	2014	2013
Due from operators (Note 8)	**$1,927,095**	$3,853,823
Trade receivables	**230,104**	398,330
Interest receivable	**111,290**	76,706
	$2,268,489	$4,328,859

Due from operators represent the excess of proceeds from crude oil liftings over the amounts advanced by the contract operator for the Group's share in exploration, development and production expenditures.

Trade receivables pertain to share of the Group on the receivables from customers for the sale of crude oil.

Trade receivables and due from operators are noninterest-bearing and are generally on 1-30 day terms.

There are no past due nor impaired receivables as of December 31, 2014 and 2013.

8. Interest in Jointly Controlled Assets

The Group's interests in the jointly controlled assets in the various SCs and GSECs, and any liabilities incurred jointly with the other venturers, as well as the related revenue and expenses of the venture, which are included in the consolidated financial statements, are as follows:

	2014	2013
Current assets:		
Receivables		
Due from operators (Note 7)	**$1,927,095**	$3,853,823
Noncurrent assets:		
Property and equipment (Note 10)		
Wells, platforms and other facilities	**86,211,123**	84,741,910
Less accumulated depletion, depreciation and amortization	**69,597,376**	57,065,286
Deferred exploration costs (Note 11)	**599,301**	590,229
	17,213,048	28,266,853
	$19,140,143	$32,120,676

	2014	2013	2012
Revenue from petroleum operations	**$22,558,228**	$15,825,328	$15,355,795
Cost of petroleum operations:			
Petroleum production costs	**6,296,221**	6,809,862	6,016,007
Depletion, depreciation and amortization expenses (Note 10)	**12,576,768**	4,113,423	3,214,073
	18,872,989	10,923,285	9,230,080
	$3,685,239	$4,902,043	$6,125,715

Details of the petroleum production costs are as follow:

	2014	2013	2012
Floating, production, storage and offloading	**$3,510,141**	$3,577,742	$2,747,295
Repairs and maintenance	**472,552**	620,630	609,597
Helicopter services	**462,236**	659,625	411,213
Freight costs	**412,239**	232,233	141,813
Operations management	**328,080**	396,189	77,540
Supply vessel	**327,383**	392,683	525,771
General and administrative - consortium	**311,521**	507,051	524,292
Insurance expenses	**184,201**	142,015	173,679
Marketing fees and offtake costs	**164,133**	109,778	42,390
Logistics base	**31,781**	18,831	12,092
Turret	–	–	611,418
Static tow vessel	–	–	104,994
Others *	**91,954**	153,085	33,913
	$6,296,221	$6,809,862	$6,016,007

** Others include miscellaneous expenses, utilities, postage and telephone charges.*

9. **Available-for-Sale Investments**

	2014	2013
Quoted shares - at fair value	**$11,003,276**	$9,003,318
Unquoted shares - at cost	**2,307,844**	38,315
	$13,311,120	$9,041,633

Movement in the reserve for flunctuation in value of AFS financial assets at fair value are as follow:

	2014	2013
Balance at the beginning of year	**$764,299**	$931,803
Unrealized loss during the year	**(247,205)**	(156,264)
Realized gain transferred to statements of income	–	(11,240)
Balance at end of year	**$517,094**	$764,299

The carrying values of listed shares have been determined as follows:

	2014	2013
Balances at beginning of year	**$9,003,318**	$9,558,662
Additions	**2,276,418**	4,473,203
Disposals	–	(4,861,043)
Reserve for fluctuation in value of AFS investments	**(247,205)**	(167,504)
Unrealized foreign exchange loss	**(29,255)**	–
Balances at end of year	**$11,003,276**	$9,003,318

In December 2013, the Company's investment of 400,000 preferred shares were redeemed by the issuer.

The carrying values of unquoted shares - at cost have been determined as follows:

	2014	2013
Balances at beginning of year	**$38,315**	$38,315
Additions	**2,267,798**	–
Unrealized foreign exchange gain	**1,731**	–
Balances at end of year	**$2,307,844**	$38,315

10. **Property and Equipment**

	2014			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost				
Balances at beginning of year	**$84,741,910**	**$193,841**	**$43,910**	**$84,979,661**
Additions	**1,469,213**	**–**	**–**	**1,469,213**
Balances at end of year	**86,211,123**	**193,841**	**43,910**	**86,448,874**
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	**57,065,286**	**177,171**	**32,303**	**57,274,760**
Depletion, depreciation and amortization (Note 8)	**12,532,090**	**2,780**	**150**	**12,535,020**
Balance at end of year	**69,597,376**	**179,951**	**32,453**	**69,809,780**
Net Book Values	**$16,613,747**	**$13,890**	**$11,457**	**$16,639,094**

	2013			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	Transportation Equipment	Office Furniture and Equipment	Total
Cost				
Balances at beginning of year	$71,347,034	$193,841	$43,158	$71,584,033
Additions	13,394,876	–	752	13,395,628
Balances at end of year	84,741,910	193,841	43,910	84,979,661
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	52,961,194	168,762	31,381	53,161,337
Depletion, depreciation and amortization (Note 8)	4,104,092	8,409	922	4,113,423
Balance at end of year	57,065,286	177,171	32,303	57,274,760
Net Book Values	$27,676,624	$16,670	$11,607	$27,704,901

11. **Deferred Exploration Costs**

The full recovery of the deferred oil exploration costs incurred in connection with the Group's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum, concessions and the success of the future development thereof.

	2014	2013
SC 6	**$589,087**	$580,015
Others	**10,214**	10,214
	$599,301	$590,229

SC 6
The Bonita Blo retained area of the original SC 6.

A 15-year extension period for the block was requested from and subsequently granted by the DOE in March 2009.

The conditions for the grant of the 15-year extension period require the submission and implementation of a yearly work program and budget. It includes as well financial assistance to the DOE for training and scholarships in geological and engineering studies.

12. **Accounts and Other Payables**

	2014	2013
Accounts payable	**$552,500**	$498,173
Dividends payable	**91,739**	99,384
Subscriptions payable	**31,446**	26,488
Taxes payable	**4,826**	15,173
	$680,511	$639,218

Accounts payable mainly consist of unpaid legal service fees. These are noninterest-bearing and are normally settled in thirty (30) to sixty (60)-day terms.

Dividends payable include amounts payable to the Group's shareholders.

13. **Paid up Capital**

Under the existing laws of the Republic of the Philippines, at least 60% of the Company's issued capital stock should be owned by citizens of the Philippines for the Company to own and hold any mining, petroleum or renewable energy contract area. As of December 31, 2014, the total issued and subscribed capital stock of the Parent Company is 96.54% Filipino and 3.46% non-Filipino, as compared to 96.90% Filipino and 3.10% non-Filipino as of December 31, 2013.

This account consists of:

	2014	2013
Class A - \$0.0004 (₱0.01) par value		
Authorized - 120 billion shares		
Issued and outstanding - 120 billion shares	**\$49,361,387**	\$49,361,387
Class B - \$0.0004 (₱0.01) par value		
Authorized - 80 billion shares		
Issued and outstanding - 80 billion shares	**32,907,591**	32,907,591
Subscriptions receivable	**(373,417)**	(374,252)
Capital in excess of par value	**3,650,477**	3,650,477
	\$85,546,038	\$85,545,203

All shares of stock of the Group enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued either to Filipino citizens or foreign nationals. There were no issuances of additional common shares in 2014 and 2013.

The Parent Company's track record of capital stock follows:

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders as of yearend
Listing by way of introduction	10,000,000,000	₱0.01	Mar. 24, 1970	
Additions:				
	2,500,000,000	0.01	Mar. 23, 1981	
	37,500,000,000	0.01	Aug. 5, 1988	
	50,000,000,000	0.01	Nov. 14, 1989	
	100,000,000,000	0.01	May 31, 1995	
December 31, 2012	200,000,000,000			12,122
Deduct: Movement	−			(92)
December 31, 2013	200,000,000,000			12,030
Add: Movement	−			(115)
December 31, 2014	200,000,000,000			11,915

14. General and Administrative Expenses

	2014	2013	2012
Staff costs (Notes 16 and 19)	**\$364,778**	\$460,676	\$355,078
Professional fees	**40,143**	29,443	19,443
Rent (Note 19)	**9,977**	12,249	5,349
Registration and filing fees	**8,709**	10,627	9,141
Printing	**9,901**	7,460	14,353
Transportation and communication	**5,114**	5,157	5,033
Messengerial services	**5,015**	4,346	4,477
Entertainment, amusement and recreation	**2,707**	2,693	3,772

(Forward)

	2014	2013	2012
Utilities	**$1,247**	$1,702	$2,772
Insurance	**583**	729	466
Repairs and maintenance	**636**	481	–
Advertising and publication	**241**	251	246
Taxes and licenses	**214**	81	72
Miscellaneous	**49,791**	8,071	2,083
	$499,056	$543,966	$422,285

15. **Other Income - net**

	2014	2013	2012
Dividend income	**$579,786**	$710,180	$599,989
Gain (loss) on sale/redemption of AFS investments (Note 9)	**–**	(11,240)	1,251,587
Others	**26,171**	–	–
	$605,957	$698,940	$1,851,576

The dividend income is derived primarily by the Group from its investment in preferred shares.

16. **Retirement Plan**

The Group has a non-funded, noncontributory tax-qualified defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on defined contribution formula with a minimum lump-sum guarantee of 1 month for every year of service up to 20 years and 1.5 months in excess of 20 years.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

Components of pension expense in the consolidated statements of income included in general and administrative expenses under ‘Staff costs’ account are as follow:

	2014	2013	2012
Current service cost	**$5,158**	$3,683	$3,496
Interest cost on defined benefit obligation	**3,079**	2,794	17,591
Total pension expense	**$8,237**	$6,477	$21,087

Movements in net pension liability follow:

	2014	2013
Balances at beginning of year	**$56,386**	$49,440
Pension expense	**8,237**	6,477
Foreign currency translation adjustment	**69,985**	(3,997)
Remeasurement losses (gains)		
Financial	**(32)**	2,979
Experience	**12,401**	1,487
Balances at end of year	**$146,977**	$56,386

Changes in the present value of defined benefit obligation follow:

	2014	2013
Balances at beginning of year	**$56,386**	$49,440
Current service cost	**5,158**	3,683
Interest cost on defined benefit obligation	**3,079**	2,794
Foreign currency translation adjustment	**69,985**	(3,997)
Remeasurement losses (gains)		
Financial	**(32)**	2,979
Experience	**12,401**	1,487
Balances at end of year	**$146,977**	$56,386

The principal actuarial assumptions used in determining the pension liability for the Group's plan follow:

	2014	2013
Rate of salary increase	**5.50%**	5.50%
Discount rate	**4.41%**	5.24%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Effect on defined benefit obligation		
	Increase (decrease)	**2014**	2013
Discount rates	+100 basis points	**($11,305)**	($47,736)
	-100 basis points	**13,762**	66,454
Future salary increases	+1.00 %	**13,225**	66,175
	-1.00 %	**(11,122)**	(47,786)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2014	2013
Less than 1 year	**$153**	$105
More than 1 year to 5 years	**1,156**	934
More than 5 years to 10 years	**4,225**	3,256
More than 10 years to 15 years	**142,834**	146,110
More than 15 years to 20 years	**4,478**	3,664
More than 20 years	**293,931**	296,322

As of December 31, 2014, the Group has yet to set-up the retirement fund. In case of retirement prior to set-up of fund, the Group will tap its existing operating funds to pay the obligation.

17. **Income Tax**

	2014	2013	2012
Current			
Final	**$66,393**	$65,262	$101,886
MCIT	**–**	12,987	26,861
	66,393	78,249	128,747
Deferred	**(494,703)**	16,337	(525,552)
	($428,310)	$94,586	($396,805)

The Group's deferred tax liability represents the deferred income tax effects of the excess of book base over tax base of property and equipment amounting to $1.57 million and $2.10 million, net of recognized deferred tax asset on pension liability amounting to $0.04 million and $0.02 million as of December 31, 2014 and 2013, respectively.

As of December 31, unrecognized deferred tax assets are as follow:

	2014	2013
NOLCO	**$456,203**	$221,754
MCIT	**44,636**	46,476
	$500,839	$268,230

The MCIT and NOLCO that are available for offset against future income tax due and future taxable income follow:

Inception Year	MCIT	NOLCO	Tax Effect of NOLCO	Expiry Year
2012	$31,649	$–	$–	2015
2013	12,987	433,973	130,192	2016
2014	–	1,086,704	326,011	2017
	$44,636	$1,520,677	$456,203	

The following are the movements in NOLCO and MCIT:

NOLCO	**2014**	2013
Balances at beginning of year	**$739,179**	$2,884,587
Addition	**1,086,704**	433,973
Expired	**(305,206)**	(2,579,381)
Balances at end of year	**$1,520,677**	$739,179

MCIT	**2014**	2013
Balances at beginning of year	**$46,476**	$33,489
Addition	–	12,987
Expired	**(1,840)**	–
Balances at end of year	**$44,636**	$46,476

The reconciliation of the statutory income tax rate to the effective income tax follows:

	2014	2013	2012
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible expense	**30.28**	40.85	18.74
Changes in unrecognized deferred tax assets on deductible temporary differences	**(0.09)**	3.05	(3.20)
Interest income subjected to final tax	**(3.58)**	(4.06)	(2.44)
Dividend income	**(2.79)**	(4.14)	(1.87)
Movements in deferred tax liabilities	**0.12**	5.94	(4.16)
Income exempt from tax	**(67.92)**	(70.56)	(40.69)
Others	**2.89**	0.76	(0.66)
Effective income tax rate	**(11.09%)**	1.84%	(4.28%)

18. Basic/Diluted Earnings Per Share

The Group's earnings per share were computed as follows:

	2014	2013	2012
Net income	**$4,358,225**	$5,038,043	$9,666,221
Divided by weighted average number of common shares outstanding	**200,000,000,000**	200,000,000,000	200,000,000,000
	$0.000022	$0.000025	$0.000048

For the years ended December 31, 2014, 2013 and 2012, there were no outstanding dilutive potential common shares.

19. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control. Related parties may be individuals or corporate entities.

The amounts and the balances arising from the significant related party transactions are as follow:

	2014			
	Amount/ Volume	**Outstanding Balance**	**Terms**	**Conditions**
Entities under common control of the Parent Company				
a. Cash and cash equivalents	**$16,055,160**	**$16,055,160**	Interest bearing at prevailing market rate; 1% to 2% per annum; due and demandable	No impairment
• Interest income	**353,018**	**353,018**	–	–

	2013			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control of the Parent Company				
a. Cash and cash equivalents	$21,540,005	$21,540,005	1.38% to 3.88% per annum	No impairment
• Interest income	559,144	55,774		
b. Rent	12,249	–	Non-interest bearing, payable on demand	Unsecured

a. The Group has money market placements with affiliated bank, a subsidiary of a stockholder.

b. The Group entered into a lease agreement with an affiliate covering the office space it occupies, which is renewable annually.

c. Compensation of key management personnel of the Group follows:

	2014	2013	2012
Short-term employee benefits	**$160,902**	$161,798	$155,086
Post employment benefits	**6,023**	6,023	6,023
	$166,925	$167,821	$161,109

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise loans and receivables, accounts payable and other payables. Exposure to liquidity, credit, market, foreign currency and interest rate risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Fair Values
Due to the short-term nature of the transactions, the carrying values of cash and cash equivalents, short-term investments and receivables, accounts and other payables approximate the fair value.

The fair value of the AFS investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. Original costs have been used to determine the fair value of unlisted AFS investments for lack of suitable methods of arriving at reliable fair values.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2014 and 2013, the fair value of AFS investments under level 1 hierarchy amounted to $11.00 million and $9.00 million, respectively (see Note 9).

The fair value of unquoted AFS financial assets is not reasonably determinable due to the unpredictable nature of future cash flows and the lack of suitable methods for arriving at the reliable fair value. Accordingly, these unquoted AFS financial assets are presented at cost.

There has been no transfer from Level 1 to Level 2 or 3 category in 2014, 2013 and 2012.

The main risks arising from the Group financial instruments are liquidity, credit, equity price, foreign currency and interest rate risk.

The Group's risk management policies are summarized below:

a) *Liquidity risk*
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

As of December 31, 2014 and 2013, all financial liabilities are expected to mature within one year. All commitments up to a year are either due within the time frame or are payable on demand.

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk as of December 31, 2014 and 2013 consist of loans and receivables and AFS investments, which are usually on demand or collectible within a term of 30 days.

b) *Credit risk*
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The investment of the Group's cash resources is managed to minimize risk while seeking to enhance yield. The holding of cash and AFS investments expose the Group to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position:

	2014	2013
Loans and receivables		
Cash in banks and cash equivalents	**$43,566,072**	$35,037,700
Due from operators	**1,927,095**	3,853,823
Trade receivables	**230,014**	398,330
Interest receivable	**111,291**	76,706
Short-term investments	**4,965,913**	–
	$50,800,385	$39,366,559

Above financial assets have a credit quality of "low risk" and are neither past due nor impaired as of December 31, 2014 and 2013. The Group classifies credit quality as low risk when that credit can proceed with favorable credit terms and can offer term of up to thirty (30) days.

c) *Equity price risk*

Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated statement of financial position as AFS investments. As of December 31, 2014 and 2013, AFS investment exposed to equity price risk amounted to $11.00 million and $9.00 million, respectively (see Note 9).

The following table shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's AFS investments. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be the same in the following year.

The sensitivity analysis below is performed for a reasonably possible movement of the market indices with all other variables held constant, on the statement of comprehensive income.

Philippine Stock Exchange Market index	**Change in Market Index**	**Effect on Equity Other Comprehensive Income**
2014	**2.79%**	**$345,987**
	-2.79%	**(345,987)**
2013	20.00%	$1,926,631
	-20.00%	(1,926,631)

d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Group's functional currency. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The Group's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Group's investments and other transactions in Philippine Peso, the consolidated statement of income can be affected significantly by movements in the U.S. Dollars.

The following table shows the foreign currency-denominated assets and liabilities expressed in Philippine Peso (PHP) and their U.S. Dollar (USD) equivalents as of December 31:

	2014		2013	
	In USD	**In PHP[(1)]**	In USD	In PHP[(1)]
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**$3,607,132**	**₱161,310,953**	$8,449,188	₱375,101,717
Interest receivable	**7,639**	**341,610**	7,450	330,749
Short-term investments	**4,965,913**	**222,075,629**	–	–
AFS investments	**13,311,120**	**585,848,992**	9,596,977	426,057,803
	21,891,804	**969,577,184**	18,053,615	801,490,269
Other Financial Liabilities				
Accounts and other payables	**662,140**	**29,610,909**	475,785	21,122,475
Net foreign currency-denominated assets	**$21,229,664**	**₱939,966,275**	$17,577,830	₱780,367,794

[1] The exchange rates used as of December 31, 2014 and 2013 are $0.0224 to ₱1 to and $0.0225 to ₱1, respectively.

The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before income tax in 2014 and 2013. There is no other impact on the Group's equity other than those already affecting income.

	Currency	Increase (decrease) in PHP rate	Effect on income before income tax
2014	**PHP**	+2.0%	**$424,593**
		-2.0	**(424,593)**
2013	PHP	+2.0%	$351,557
		-2.0	(351,557)

e) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the cash in bank with fixed interest rates.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares.

The Group considers as capital the equity attributable to the equity holders, which amounted to $80.77 million and $76.74 million as of December 31, 2014 and 2013, respectively. No changes were made in the objectives, policies or processes during the years ended December 31, 2014 and 2013.

21. Operating Segment

Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the basis that is used internally for evaluating segment performance and allocating resources to segments. The Group only operates in one geographical location, thus, no information on geographical segments is presented.

The Group derives its revenues only from the Parent Company, with segment assets and liabilities amounting to $83.17 million and $0.83 million, respectively, as of December 31, 2014 and $79.55 million and $0.71 million, respectively, as of December 31, 2013. As of December 31, 2014, the Parent Company has generated segment revenue and net income amounting to $22.56 million and $3.89 million, respectively and $15.83 million and $5.15 million, respectively in 2013. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Segment assets and segment liabilities exclude deferred tax assets and liabilities.

22. Approval of Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on April 14, 2015.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its subsidiaries (the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 and have issued our report thereon dated April 14, 2015. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751335, January 5, 2015, Makati City

April 14, 2015

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68, AS AMENDED (2011)

DECEMBER 31, 2014

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68, As Amended (2011) that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not a required part of the basic financial statements.

Schedule A. Financial Assets
The Group’s financial assets includes investments in quoted and unquoted equity securities.

Below is the detailed schedule of financial assets in equity securities of the Group as of December 31, 2014:

Name of Issuing Entity and Association of Each Issue	Number of Shares	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
Available-for-Sale Investments				
Quoted:				
Ayala Corporation - Preferred Class “B”	391,280	$4,454,042	$4,454,042	$231,857
First Gen - Series G	1,000,000	2,431,155	2,431,155	174,771
Ayala Corporation - Preferred Class “B2”	200,000	2,290,284	2,290,284	
First Gen Corporation - Series F	600,000	1,567,754	1,567,754	108,148
Cebu Property Ventures and Development	2,064,609	253,784	253,784	3,768
Philippine Long Distance Telephone Company	51	3,367	3,367	–
Philex Mining Corporation	5,425	943	943	–
Cosco Capital, Inc. (Cosco)	4,265	838	838	–
Robinsons Land Corporation	1,800	1,084	1,084	15
Lepanto Consolidated Mining Company	4,750	24	24	–
		11,003,275	11,003,275	518,559
Unquoted:				
First Philippine Holdings	200,000	2,272,109	2,272,109	61,227
Shell Philippines	68,862	35,736	35,736	–
		2,307,845	2,307,845	61,227
		$13,311,120	$13,311,120	579,786

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

The Group has no receivable from directors, officers, employees, related parties and principal stockholders as of December 31, 2014.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of December 31, 2014.

	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	ılance at end of period
Oriental Land Corporation	($8,789)	$–	$–	$–	$–	($8,789)	($8,789)
Linapacan Oil, Gas and Power Corporation	(16,389,229)	(1,183,139)	–	–	–	(17,572,368)	(17,572,368)
Oriental Mahogany Woodworks, Inc.	104,273	–	–	–	–	104,273	104,273
	($16,293,745)	($1,183,139)	$–	$–	$–	($17,476,884)	($17,476,884)

Schedule D. Intangible Asset

The Group has no intangible asset as of December 31, 2014.

Schedule E. Long term debt

The Group has no long-term debt as of December 31, 2014.

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

The Group has no outstanding liabilities to related parties as of December 31, 2014.

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2014.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	200,000,000,000	200,000,000,000	–	70,806,672,785	569,868,974	128,623,458,241

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as at December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 7 (cont.)	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	New Hedge Accounting Requirements		✓	
	Financial Instruments – Classification and Measurement (2009 and 2010 versions)		✓	
	Financial Instruments (2013 Version)*		✓	
	Financial Instruments (2014 Version)*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts*		✓	
IFRS 15	Revenue from Contracts with Customers**		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income or OCI	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment: Clarification of Acceptable Methods of Depreciation and Amortization*		✓	
	Amendments to PAS 16: Bearer Plants*		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities			
	Amendments to PAS 27: Equity Method in Separate Financial Statements*		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		**Adopted**	**Not Adopted**	**Not Applicable**
	Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		✓	
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items		✓	
	Amendments to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting			
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants*		✓	
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Instruments			
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	its Shareholders			
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Standards tagged as “Not applicable” have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2014.

Standards tagged as “Not adopted” are standards issued but not yet effective as of December 31, 2014. The Company will adopt the Standards and Interpretations when these become effective.

*Standards and amendments already adopted by FRSC but still for approval by BOA.

**Standard issued by IASB but not yet adopted by FRSC.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

This schedule is not applicable since the Group is at a deficit position amounting to $5.40 million and $9.76 million as of December 31, 2014 and 2013, respectively.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

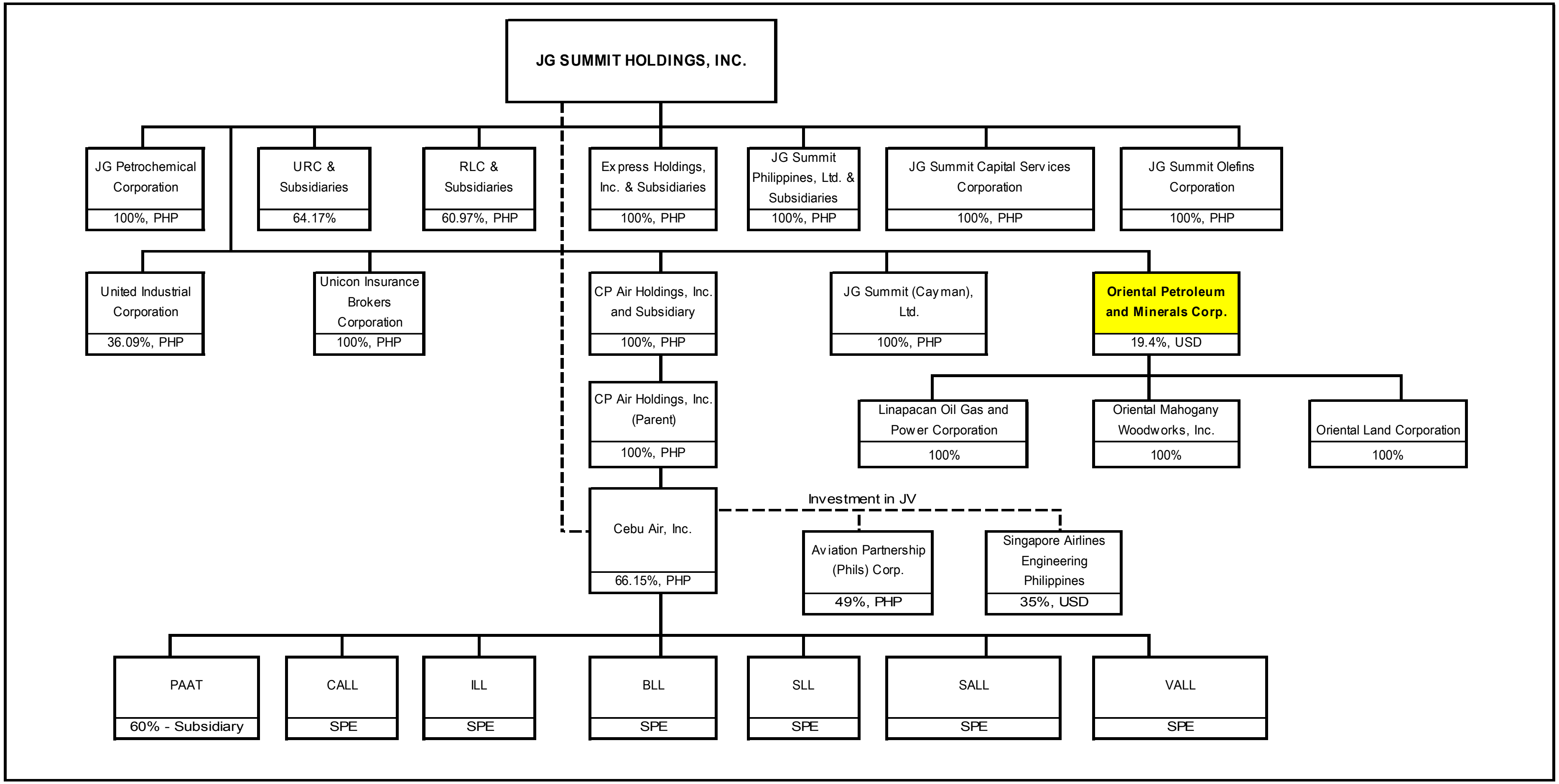
FINACIAL SOUNDNESS INDICATORS

FOR THE YEAR ENDED DECEMBER 31, 2014

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2014 and 2013:

Financial ratios		**2014**	2013
Current ratio	Current assets (CA) / Current liabilities (CL)	**77.32:1**	**64.72:1**
Net working capital ratio	CA - CL / Total assets	**62.45%**	**52.24%**
Return on assets	Operating income / Average assets	**4.75%**	**6.66%**
Return on equity	Net income / Average equity	**5.53%**	**6.78%**
Debt-to-equity ratio	Total liabilities / Total equity	**2.96%**	**3.66%**

ORIENTAL PETROLEUM AND MINERALS CORPORATION
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
FOR THE YEAR ENDED DECEMBER 31, 2014



COVER SHEET

4	0	0	5	8							

SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

(Company's Full Name)

34th Floor, Robinson's Equitable Tower, ADB AvenUe, Ortigas Center, Pasig City

(Business Address: No. Street City/Town/Province)

Ma. Riana C. Infante

(Contact Person)

633-7631

(Company Telephone Number)

1	2		3	1
Month			*Day*	

(Fiscal Year)

SEC FORM - 17 - Q

(Form Type)

Month *Day*

(Annual Meeting)

1st Quarter Ending March 31, 2015

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER

1. For the quarterly period ended **March 31, 2015**

2. Commission identification number **40058**

3. BIR Tax Identification No. **000-483-747-000**

4. **ORIENTAL PETROLEUM AND MINERALS CORPORATION**
   Exact name of issuer as specified in its charter

5. **Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **34th Floor, c/o JG Summit, Robinsons Equitable Tower, ADB Avenue, Ortigas Center**
   Pasig City **1600**
   Address of issuer's principal office Postal Code

8. **(632) 637-1670 locals 279 and 281**
   Issuer's telephone number, including area code

9. N/A

   Former name, former address and formal fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common Stock, P0.01 par value	**200 Billion**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [**x**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

    Philippine Stock Exchange **Class A and B**

12. Indicate by check mark whether the registrant:

(a) Has filed reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**x**] No [ ]

(b) Has been subject to such filing requirements for the past ninety (90) days

Yes [**x**] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements – all tentative and unaudited filed as part of Form 17-Q

a) Consolidated Balance Sheets
b) Consolidated Statements of Income
c) Consolidated Statement of Comprehensive Income
d) Consolidated Statements of Changes in Stockholders' Equity
e) Consolidated Statements of Cash Flows

The above financial statements are prepared in conformity with accounting principles generally accepted in the Philippines and in compliance with the new SFAS and PFRS, which became effective in 2002 and 2005.

PFRS 9, *Financial Instruments: Classification and Measurements*
PFRS 9 as issued reflects the first phase of the work on replacing PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

The Company followed the same accounting policies and methods of computation in the interim financial statements for the 1st Quarter of 2015 as compared with the most recent annual audited financial statements ending December 31, 2014.

The Company' management discloses the following:

- Interim operations are not cyclical and or seasonal;
- There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual in nature, amount, size, or incidents;
- There are no changes in the amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

- There has been no issuances, repurchases, and repayments of debt and equity securities;
- There has been no issuances nor payment of dividends for all shares;
- The company maintains no business or geographical segment;
- There are no material events subsequent to the end of the interim period (January – March 2015) that have not been reflected in the interim reports;
- There has been no changes in the composition of the Company such as business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations;
- There are no contingent liabilities or contingent assets since the last annual balance sheet date ending December 31, 2014.
- There exists no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL AND OPERATIONAL HIGHLIGHTS – (*in thousand dollars) (except exchange rates and number of employees)*

As of and for the period ended March 31 (Unaudited)	**2015**	2014	Change
Income Statement data			
Revenues from petroleum operations	1,143.01	4,644.27	(75.39%)
Depletion, depreciation & amortization	190.02	2,587.34	(92.66%)
Petroleum production costs	1,573.76	1,738.20	(9.46%)
Interest Income	212.72	148.78	42.98%
Balance Sheet data			
Cash and cash equivalents	41,765.22	39,731.92	5.12%
Available-for-sale equity securities	13,545.95	8,988.01	(12.48%)
Accounts receivable	1,845.24	4,518.07	(47.90%)
Accounts payable & accrued expenses	684.30	596.21	(3.89%)
Other data			
Average peso dollar exchange rate	44.33	44.94	(1.35%)
Number of employees	13	12	8.33%

The company's subsidiaries consolidated herewith are Oriental Mahogany Woodworks, Inc. , Oriental Land Corporation and Linapacan Oil Gas and Power Corporation . Brief descriptions of the subsidiaries are as follows:

a) ORIENTAL MAHOGANY WOODWORKS, INC. (OMWI)

OMWI (a wholly-owned subsidiary of Oriental Petroleum and Mineral Corporation - OPMC) was incorporated and started commercial operations on May 2, 1988 with principal objective of supplying overseas manufacturers, importers and designers with high quality furniture.

On March 31, 1994, the Board of Directors approved the cessation of OMWI's manufacturing operations effective May 1, 1994 due to continued operating losses. The management has no definite future plans for OMWI's operations.

b) LINAPACAN OIL GAS AND POWER CORPORATION (LOGPOCOR)

LOGPOCOR (a wholly-owned subsidiary of OPMC) was incorporated on January 19, 1993 to engage in energy project and carry on and conduct the business relative to the exploration, extraction, production, transporting, marketing, utilization, conservation, stockpiling of any forms of energy products and resources. OPMC acquired LOGPOCOR through transfer of 12.6 working interest in Blocks A, B, and C of SC14 in exchange for all of LOGPOCOR's capital stocks. Since July 1993, OPMC recognizes revenue from petroleum operation proportionate to the 12.6 working interest, however, LOCPOCOR continues to share in the related capitalizable expenses. On the other hand, the depletion of such costs is charged to OPMC and accordingly deducted from the unamortized cost.

c) ORIENTAL LAND CORPORATION (OLC)

OLC was incorporated on February 24, 1989 as realty arm of OPMC. It has remained dormant since incorporation.

Results of Operations

March 31, 2015 vs. March 31, 2014

For the first quarter of 2015, petroleum revenue was at US$1.14 million, US$3.50 million lower than same period last year. The decrease of around 75% was mainly due to the dropped in crude oil prices in the world market. In the first quarter of 2014, Galoc crude oil was commanding an average price of around US$109.52/bbl. as against 2015 first quarter of about US$58.14/bbl.

Petroleum production costs decreased by around 10% from US$1.74 million as of March 2014 to US$1.57 million as of March 2015. These costs include among others, charges for FPSO, field operations, selling and marketing costs, management and technical costs.

Depletion, depreciation and amortization at the end of the period amounted to US$190,016.

Other income (expenses) increased by around 29% mainly due to interest income from placements and dividend income from investments.

Financial Position

March 31, 2015

As of March 31, 2015, the Company's consolidated assets amounted to US$83.10 million, 4% higher than same period last year of US$79.94 million.

Accounts Receivable as of March 31, 2015 totaled US$1.85 million, a decrease of around 59% from the same period last year mainly due to lower crude oil prices.

At the end of the first quarter, Available-for-sale investments amounted to US$13.55 million as against US$8.99 million in the same period of 2014. The increase of around US$4.56 million was mainly due to additional investment made by the company.

Consolidated Property and Equipment at the end of 1st quarter of 2015 amounted to US$16.46 million. The decrease of about 37% from the same period last year was due to depletion.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2015 amounted to US$0.68 million.

March 31, 2014

The company posted consolidated assets of US$79.94 million at the end of the reporting period. This amount is around 4% higher than last year's US$77.05 million mainly due to the increase in property, plant and equipment account as a result of the company's share in Galoc Phase-II project.

Accounts Receivable as of March 31, 2014 totaled US$4.52 million, a decrease of around 48% from the same period last year mainly due to lower crude oil deliveries.

At the end of the first quarter, Available-for-sale investments amounted to US$8.99 million as against US$10.27 million in the same period of 2013. The decrease of around US$1.28 million was mainly due to the redemption of some shares that the company held.

Consolidated Property and Equipment at the end of 1st quarter of 2014 amounted to US$26.10 million. The increase of about US$7.37 million from the same period last year was due to the company's share in the Galoc Phase-II project.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2014 amounted to US$0.60 million.

March 31, 2013

As of March 31, 2013, the company has consolidated assets of US$77.05 million, 19% higher than same period last year of US$64.74 million. The increase can be attributed mainly to the increase in the Accounts Receivable, Crude Oil Inventory and Available-for-sale investments accounts.

Accounts Receivable as of March 31, 2013 totaled US$8.67 million, 327% higher than same period last year mainly due to the company's share in crude oil produced and delivered from Galoc oilfiled. In the first quarter of 2012, production in Galoc oilfield was shut-in due to the upgrading of the FPSO.

The Company recorded Available-for-sale investments of US$10.27 million as against US$7.20 million in the same period of 2012. The increase of around US$3.07 million was mainly due to the increase in share prices of the stocks held by the company.

Consolidated Property and Equipment at the end of 1st quarter of 2013 amounted to US$18.73 million. The decrease of about US$0.75 million from the same period last year was due to depletion and depreciation.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2013 amounted to US$0.62 million.

March 31, 2015 versus December 31, 2014

Consolidated Cash and Cash Equivalents consist of cash in bank and money market placements. As of March 31, 2015, this account totaled US$41.77 million; 4% lower than December 31, 2014 balance. The decrease was mainly due to the reclassification of other placements to short-term investments with terms longer than 90 days but not more than 1 year.

Accounts Receivable – net mainly represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company, for the SC 14A&B and SC 14C Consortiums, respectively. As of March 31, 2015, Accounts Receivable reached US$1.85 million.

Crude oil inventory as of December 31, 2014 amounting to US$1.81 million, thus the decrease in this account at the end of the reporting period.

Available-for-sale investments amounted to US$13.55 million, slightly higher than US$13.31 million at the beginning of the year mainly due to increase in the stock prices of the shares held by the company.

Consolidated Accounts Payable and Accrued Expenses at the end of the 1st quarter of 2015 amounted to US$0.68 million.

The causes for material changes (5% or more) of March 31, 2015 figures as compared to December 31, 2014 figures of the following accounts are:

Accounts	March 31, 2015	December 31, 2014	Change	%	Remarks
Balance Sheet					
Cash	41,765,221	43,566,296	(1,801,075)	(4%)	Decrease mainly due to reclassification of account to short-term investments as discussed above.
Accounts Receivable – net	1,845,244	2,268,489	(423,245)	(17%)	Decrease pertains to collection of year-end receivables during the reporting period.
Crude oil inventory	1,112,013	1,805,730	(693,717)	(38%)	Inventory at the end of December was delivered during the 1st quarter thus the decrease in this account.
Property, plant and equipment	16,456,232	16,639,094	(182,862)	(1%)	Decrease pertains to depletion and depreciation recognized for the period.

The causes for material changes (5% or more) of March 31, 2015 figures as compared to March 31, 2014 figures of the following accounts are:

Accounts	March 31, 2015	March 31, 2014	Change	%	Remarks
Balance Sheet					
Cash	41,765,221	39,731,918	2,033,303	5%	Increase pertains to the company's share in the cash distribution from Galoc operations.
Accounts Receivable – net	1,845,244	4,518,073	(2,672,829)	(59%)	Decrease due to lower crude oil prices as of the reporting period.
Crude oil inventory	1,112,013	-	1,112,013	100%	This refers to the company's share in the crude oil inventory at the end of the reporting period.
Available for-sale equity	13,545,952	8,988,009	4,557,943	51%	Increase pertains mainly to the increase in share prices of the stocks held by the company.
Property, plant and equipment	16,456,232	26,102,810	(9,646,578)	(37%)	Decrease due to depletion and depreciation recognized for the reporting period..

Income Statement					
Revenues from Petroleum Operations	1,143,011	4,644,273	(3,501,262)	(75%)	Decrease refers to lower crude oil prices as discussed above.
Petroleum Production Costs	1,573,757	1,738,196	(164,439)	(9%)	Please refer to the discussion above (Result of Operations, p.4).
Depletion, depreciation and amortization	190,016	2,587,342	(2,397,326)	(93%)	Please refer to the discussion above (Result of Operations, p.4).
Other Income (expenses) – net	444,856	344,975	99,881	29%	Increase due to interest income from additional placements.

I. Key Performance Indicators

	March 31, 2015	March 31, 2014
Current Ratio	**76.71**	74.24
Net Working Capital Ratio	**0.62**	0.55
Return on Assets	**(0.009)**	0.019
Return on Equity	**(0.004)**	0.065
% of Debt-to-Equity	**0.03**	0.04

Figures are based on Unaudited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets. Return on assets percentage pertains to operating income (loss) over average total assets while return on equity percentage is computed by dividing net income (loss) over average stockholder's equity. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from a related party, AFS investments, due to Operator, accounts payable and accrued expenses, dividends payable and subscriptions payable. Exposure to liquidity, credit, market, foreign currency and interest rate risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Fair Values

Due to the short-term nature of the transactions, the carrying values of loans and receivables and other financial liabilities approximate the fair value.

The fair value of the AFS investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. Original costs have been used to determine the fair value of unlisted AFS investments for lack of suitable methods of arriving at reliable fair values.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The main risks arising from the Group financial instruments are liquidity, credit, market, foreign currency and interest rate risk.

The Group's risk management policies are summarized below:

a) *Liquidity risk*
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

b) Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The investment of the Group's cash resources is managed to minimize risk while seeking to enhance yield. The holding of cash and AFS investments expose the Group to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing.

The Group classifies credit risk as follows:

Low risk - credit can proceed with favorable credit terms; can offer term of up to thirty (30) days.

Average risk - credit can proceed normally; can offer term of up to forty five (45) days.

High risk - transaction should be under an advance payment or subject to review for possible upgrade to either low or average risk.

c) *Market risk*
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument.

The Group's market risk (the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument) originates from its holdings of securities and equities. The Board of Directors (BOD) approves significant investments which should provide a relatively stable rate of return. AFS investments exposed to market risk amounted to $13.55 million and $8.99 million as of March 31, 2015 and 2014, respectively.

d) *Foreign currency risk*
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Group's functional currency. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The Group's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Group's investments and other transactions in Philippine Peso, the consolidated statement of income can be affected significantly by movements in the USD.

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the cash in bank with fixed interest rates.

<u>Capital Management</u>
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group considers as capital the equity attributable to the equity holders, which amounted to $80.70 million and $77.18 million as of March 31, 2015 and 2014, respectively. No changes were made in the objectives, policies or processes during the periods ended March 31, 2015 and 2014.

As of March 31, 2015, OPMC's Capital stock consists of the following:

1. Common Stock – Class "A" with par value of ₱0.01 per share, 120 billion shares issued and outstanding out of the 120 billion authorized shares
2. Common Stock – Class "B" with par value of ₱0.01 per share, 80 billion shares issued and outstanding out of the 80 billion authorized shares

All OPMC shares of stock enjoy the same rights and privileges, except that Class "A" shares shall be issued solely to Filipino citizens, whereas Class "B" shares can be issued either to Filipino citizens or foreign nationals.

The Company's management discloses the following information:

- There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
- There are no material commitments for capital expenditures.
- There are no known trends or uncertainties, that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- There are no significant elements of income or loss that did not arise from continuing operations.
- There are no seasonal aspects that had a material effect on the financial condition or results of operations.
- There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Other matters:

The owners of more than 5% of the Company's securities as of April 30, 2015 were as follows:

Class	Stockholders	Amount of ownership	% to Total
Common	PCD Nominee Corporation	80,923,254,039	40.46%
Common	Consolidated Robina Capital Corp.	37,051,952,896	18.53%
Common	R. Coyiuto Securities, Inc.	21,643,513,252	10.82%
Common	Prudential Guarantee & Assurance, Inc.	13,341,635,799	6.67%

As of April 30, 2015, OPMC has approximately 11,887 stockholders both for Class "A" and "B" shares.

Board of Directors and Executive Officers

The Company's Board of Directors and executive officers as of March 31, 2015 are as follows:

Board of Directors

Chairman	James L. Go
Director	Robert Coyiuto, Jr.
Director	John Gokongwei, Jr.
Director	Lance Y. Gokongwei
Director	Antonio Go
Director	Benedicto Coyiuto
Director	Josephine Barcelon
Director	Gabriel Singson
Director	Perry L. Pe
Director	James Coyiuto
Director	Ricardo Balbido

Executive Officers

Chief Executive Officer	James L. Go*
President and Chief Operating Officer	Robert Coyiuto, Jr.*
SVP - Operations and Administration	Apollo P. Madrid
SVP – Legal and Corporate Secretary	Ethelwoldo E. Fernandez
Assistant Corporate Secretary	Perry L. Pe*
Chief Financial Officer	Aldrich T. Javellana
Treasurer	Teresita H. Vasay

**Member of the Board of Directors*

PART II – OTHER INFORMATION

All current disclosures were already reported under SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ORIENTAL PETROLEUM AND MINERALS CORPORATION

ROBERT COYIUTO, JR.
President and Chief Operating Officer

ORIENTAL PETROLEUM AND MINERALS CORPORATION
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Three Months Ended March 31 (UNAUDITED) 2015	2014	Year ended December 31 2014 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	$ 41,765,221	$ 39,731,918	43,566,296
Short-term investments	7,763,115	$ -	4,965,913
Accounts receivable	1,845,244	4,518,073	2,268,489
Crude oil inventory	1,112,012	-	1,805,730
Other current assets	9,499	10,393	9,609
Total current assets	52,495,091	44,260,384	52,616,037
Noncurrent Assets			
Available-for-sale investments	13,545,953	8,988,009	13,311,120
Property and equipment - net	16,456,232	26,102,810	16,639,094
Deferred exploration costs	602,152	590,229	599,301
Other assets	-	1,126	-
Total Noncurrent assets	30,604,337	35,682,174	30,549,515
	$ 83,099,428	$ 79,942,558	$ 83,165,552
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	$ 684,299	$ 596,207	680,511
Income taxes payable	-	12,987	-
Pension liability	146,977	56,386	146,977
Deferred tax liability	1,565,451	2,100,142	1,565,453
Total Liabilities	2,396,727	2,765,722	2,392,941
Stockholders' Equity			
Paid-up capital	85,546,039	85,545,203	85,546,038
Other comprehensive income (loss)	708,513	731,548	473,681
Remeasurement gains (losses)	152,770	165,139	152,770
Deficit	(5,704,622)	(9,265,055)	(5,399,878)
Total Equity	80,702,699	77,176,835	80,772,611
	$ 83,099,428	$ 79,942,558	$ 83,165,552

See accompanying notes to the Unaudited Financial Statements

ORIENTAL PETROLEUM AND MINERALS CORPORATION
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	March 31, 2015	March 31, 2014
INCOME		
Revenues from petroleum operations	**$ 1,143,011**	$ 4,644,273
COSTS AND EXPENSES		
Depletion, depreciation and amortization	**190,016**	2,587,342
Petroleum production costs	**1,573,757**	1,738,196
General and administrative	**128,838**	122,895
Research and development cost	**-**	47,768
Foreign Exchange (Gain) / Loss	**-**	-
	1,892,611	4,496,200
OPERATING INCOME (LOSS)	**(749,600)**	148,073
OTHER INCOME (EXPENSES) - Net	**444,856**	344,975
INCOME (LOSS) BEFORE INCOME TAX	**(304,744)**	493,047
PROVISION FOR INCOME TAX	-	-
NET INCOME (LOSS)	**$ (304,744)**	$ 493,047
Weighted Average Number of Common Stock Outstanding	200,000,000,000	200,000,000,000
Income (Loss) per share	$ (0.000002)	$ 0.000002

See accompanying notes to the Unaudited Financial Statements

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
UNAUDITED**

	Three Months Ended	
	March 31, 2015	March 31, 2014
NET INCOME (LOSS)	**$ (304,744)**	$ 493,047
OTHER COMPREHENSIVE INCOME (LOSS)		
Reserve for fluctuation in value of available-for-sale investment	**234,832**	(53,624)
Cumulative translation adjustment		-
	234,832	(53,624)
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ (69,913)**	$ 439,423

See accompanying notes to the Unaudited Financial Statements

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Paid up capital					Other comprehensive income (loss)				
	Capital Stock	Subscription receivables	Capital in excess of par value	Total paid up capital	Deficit	Reserve for fluctuation in value of AFS	Remeasurement Gains (Losses) on Pension Liability	Cumulative translation adjustment	Total other comprehensive income (loss)	Total
At January 1, 2015	**$ 82,268,978**	**$ (373,417)**	**$ 3,650,477**	**$ 85,546,038**	**$ (5,399,878)**	**$ 517,094**	**$ 152,770**	**$ (43,413)**	**$ 626,451**	**$ 80,772,611**
Net income for the period	-			-	(304,744)	-			-	(304,744)
Other comprehensive income (loss)	-			-		234,832		-	234,832	234,832
Total comprehensive income	-	-	-	-	(304,744)	234,832		-	234,832	(69,913)
At March 31, 2015	**$ 82,268,978**	**$ (373,417)**	**$ 3,650,477**	**$ 85,546,038**	**$ (5,704,622)**	**$ 751,926**	**$ 152,770**	**$ (43,413)**	**$ 861,283**	**$ 80,702,698**
At January 1, 2014	$ 82,268,978	$ (374,252)	$ 3,650,477	$ 85,545,203	$ (9,758,103)	$ 764,299	$ 165,139	$ 20,873	$ 950,311	$ 76,737,411
Net income for the period	-			-	493,047	-			-	493,047
Other comprehensive income (loss)	-			-		(53,624)		-	(53,624)	(53,624)
Total comprehensive income	-	-	-	-	493,047	(53,624)		-	(53,624)	439,423
At March 31, 2014	$ 82,268,978	$ (374,252)	$ 3,650,477	$ 85,545,203	$ (9,265,056)	$ 710,675	$ 165,139	$ 20,873	$ 896,687	$ 77,176,834
At January 1, 2013	$ 82,268,978	$ (374,252)	$ 3,650,477	$ 85,545,203	$ (14,804,731)	$ 931,803	$ -	$ (13,725)	$ 918,078	$ 71,658,550
Net income for the period	-			-	1,765,160	-			-	1,765,160
Other comprehensive income (loss)	-			-		672,290		-	672,290	672,290
Total comprehensive income	-	-	-	-	1,765,160	672,290		-	672,290	2,437,450
At March 31, 2013	$ 82,268,978	$ (374,252)	$ 3,650,477	$ 85,545,203	$ (13,039,571)	$ 1,604,093	$ -	$ (13,725)	$ 1,590,368	$ 74,096,000

See accompanying notes to the Unaudited Financial Statements

ORIENTAL PETROLEUM AND MINERALS CORPORATION
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31, 2015	March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITES		
Income (Loss) before income tax	**$ (304,744)**	$ 493,047
Adjustments for:		
Depletion, depreciation and amortization	**190,016**	2,587,342
Interest income	**(212,724)**	(148,776)
Dividend income	**(232,132)**	(196,199)
Cumulative translation adjustment	**-**	-
Operating income (loss) before working capital changes	**(559,585)**	2,735,414
Decrease (increase) in:		
Short-term investments	**(2,797,202)**	-
Accounts receivable	**408,454**	(216,156)
Crude oil inventory	**693,718**	2,831,426
Other current assets	**110**	(121)
Increase (decrease) in liabilities	**3,788**	(43,011)
Cash generated from (used in) operations	**(2,250,716)**	5,307,551
Income taxes paid	**-**	(0)
Net cash provided (used) by operating activities	**(2,250,716)**	5,307,551
CASH FLOWS FROM INVESTING ACTIVITES		
Interest received	**227,514**	175,718
Dividends received	**232,132**	196,199
Acquisitions of property and equipment	**(7,154)**	(985,251)
Additions to deferred exploration cost	**(2,851)**	-
Net cash provided by (used in) investing activities	**449,641**	(613,335)
CASH FLOWS FROM FINANCING ACTIVITES	**-**	-
EFFECTS OF CUMULATIVE TRANSLATION ADJUSTMENT	**-**	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,801,075)**	4,694,216
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**43,566,296**	35,037,700
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 41,765,221**	$ 39,731,916

See accompanying notes to the Unaudited Financial Statements

ORIENTAL PETROLEUM AND MINERALS CORPORATION
Aging of Accounts Receivable
As of March 31, 2015 (in US Dollar)

Type of Accounts Receivable	Total Amount	30 days	31 - 60 days	61 - 90 days	91 - 120 days	121 - 360 days	360 days and above
Accounts receivable - trade	**$ 2,458,287**	2,458,287					
Dividends receivable	**-**	-					
Interest receivable	**96,500**	96,500					
Grand Total	**$ 2,554,788**	2,554,788					

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Status of Operations

Oriental Petroleum and Minerals Corporation (the Parent Company) and its subsidiaries (collectively referred to as "the Group") were organized under the laws of the Republic of the Philippines to engage in oil exploration and development activities.

The Parent Company's principal office is located at 34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City. The Parent Company was listed in the Philippine Stock Exchange (PSE) on October 14, 1970.

Service Contract (SC) 14

On December 15, 1975, pursuant to Section 7 of the Oil Exploration and Development Act of 1972, the Parent Company, together with other participants (collectively referred to as the Consortium), entered into a service contract with the Philippine Government through the Department of Energy (DOE) for the exploration, exploitation and development of the contract area in northwest offshore Palawan, Philippines, which was amended from time to time. This contract area includes the Galoc Field where significant hydrocarbon deposits were discovered.

The contract areas (i.e., Blocks A, B, C and D) covered by SC 14 are situated offshore Northwest of Palawan Island and West of Busuanga Island, Philippines. Crude oil production in the West Linapacan Oilfield in Block C of SC 14 was suspended in 1999 due to a significant decline in crude oil production caused by increasing water intrusion. However, the Parent Company participates in the production of other fields, including Nido and Matinloc. Total production from these fields is low but is enough to cover operating expenses and the overhead expenses of SC 14.

Production activities continues in Blocks A, B and C of SC 14. Block C has declared commercial operations on June 22, 2009 with effectivity on June 19, 2009 while Block D remains suspended.

In December 2010, the DOE extended the term of SC 14 for another fifteen (15) years.

SC 14 - Galoc

Farm-in Agreement (FA)

On September 23, 2004, Team Oil (TEAM) and Cape Energy (CAPE) entered into a FA with the SC 14C - Galoc joint venture partners for the development of the Galoc Field. The FA was concluded in a Deed of Assignment (DA) dated August 22, 2005 where TEAM and CAPE designated Galoc Production Company (GPC) as the special purpose company to accept the assigned participating interest and to act as the Operator of the Galoc production area.

Under the FA and DA, GPC will pay 77.721% of the cost to develop the Galoc Field in exchange for a 58.291% participating interest in the area. Other significant terms and conditions of the Agreements follow:

1) That GPC, together with the other paying party, Nido Petroleum Philippines, Pty. Ltd. (Nido Petroleum), be allowed to first recover their share of the development cost from crude oil sales proceeds from the Galoc Field after production expenses.

2) That GPC will be assigned its pro-rata share of the $68 million historical cost recovery of the Galoc block equivalent to $33 million to be recovered pursuant to the terms of the Block C agreement below.

3) That GPC will reimburse the joint venture partners (except GPC and Nido Petroleum) for expenditures previously incurred in relation to the Galoc Field as follows:

   a) $1.5 million payable out of 50% of GPC's share of the Filipino Participation Incentive Allowance (FPIA); and

   b) $1.5 million payable upon reaching a cumulative production of 35 million barrels of oil from the Galoc Field.

On July 1, 2009, GPC purchased additional interest in the field from Petroenergy Resources Corporation (Petroenergy) and Alcorn Gold Resources Corporation (AGRC).

As of December 31, 2011 and 2010, the Consortium consists of the Parent Company (5.105%), GPC (59.845%), Nido Petroleum (22.880%), Philodrill Corporation (Philodrill) (7.215%), Forum Energy Philippines Corporation (2.276%), and Linapacan Oil Gas and Power Corporation (LOGPOCOR) (2.680%).

Extended Production Test (EPT) Agreement
On August 10, 2006, an EPT agreement was made and entered into by the DOE and GPC and its partners (referred to as "contractors" under the EPT agreement). The purpose of the EPT is to obtain dynamic performance data for the Galoc reservoir and to confirm the presence and continuity of at least two significant channel sandbodies by undertaking an EPT of a well designed to prove each channel.

In consideration of the risk and undertaking assumed by the contractor under the EPT agreement, the contractor shall market crude produced and saved from the EPT and is allowed to retain the gross proceeds for the recovery of 100% of all operating expenses incurred in the EPT. Any amount of gross proceeds in excess of the cost of the EPT shall be subject to 60-40 sharing in favor of the Philippine Government.

The duration of the EPT is a minimum of ninety (90) days of actual crude flow from at least one well excluding delays which arise from breakdowns, repairs or replacements, well conditions or other conditions. The EPT will be terminated upon the earliest of one hundred eighty two (182) days of actual crude production or when sufficient data has been obtained or viability of the Galoc Field has been established by the contractors in conjunction with the DOE.

On termination, the contractors shall either declare commerciality of the field and commit to undertake development, or declare the field to be noncommercial for further development or production and commence abandonment and demobilization of the EPT facilities.

The EPT period ended on June 18, 2009.

Joint Operating Agreement (JOA)
On September 12, 2006, the Consortium entered into a JOA, amending the existing JOA, for the purpose of regulating the joint operations in the Galoc Block. The JOA shall continue for as long as:

1) the provisions in SC 14 in respect of the Galoc Block remain in force;

2) until all properties acquired or held for use in connection with the joint operations has been disposed of and final settlement has been made between the parties in accordance with their respective rights and obligations in the Galoc Block; and

3) without prejudice to the continuing obligations of any provisions of the JOA which are expressed to or by

their natures would be required to apply after such final settlement.

Block C Agreement
In 2006, Block C Agreement was entered into by the consortium members (the Galoc Block Owners) of SC 14C - Galoc to specify gross proceeds allocation as well as the rights and obligations relating to their respective ownership interest in the Galoc Block (the "Galoc Contract Area Rights") and their respective ownership interest in the Remaining Block (except for GPC).

The agreement also clarifies how GPC and Philodrill, which are the designated Operator of the Galoc Block and the Remaining Block, respectively, shall work together to perform their obligations and exercise their rights as Operator.

The Allocation of Contract Area Rights under Section 3 of the Block C Agreement provides that:

1) GPC shall be entitled to the FPIA, Production Allowance, Recovery of Operating Expenses and the Net Proceeds of the SC 14 insofar as it relates to the Galoc Block.

2) The portion of the Galoc Contract Area Rights allocable as FPIA, Production Allowance and Net Proceeds shall be distributed as follows:

    a) GPC shall be allocated an amount equal to its participating interest in the Galoc Block which is currently 58.291%.

    b) Nido Petroleum and Philodrill shall be allocated an amount equal to 17.500% and 4.375%, respectively.

    c) The balance of 19.834% shall be allocated to the Remaining Block (except GPC) in accordance with number 5 below.

3) The portion of the Galoc Contract Area Rights allocable to recovery of operating expenses (the reimbursement amount) shall be distributed as follows:

    a) First, an amount equal to the operating expenses incurred by the Galoc Block Owners in respect of production costs on and from the date of the 2nd Galoc well being brought on stream shall be allocated to each Galoc Block Owner in accordance with each Galoc Block Owner's participating interest.

    b) Second, an amount equal to the operating expenses incurred by GPC and Nido Petroleum in respect of the Galoc Block (excluding the $68 million historical cost assigned to the Galoc Block pursuant to the FA) shall be allocated 77.721% to GPC and the balance of 22.279% to Nido Petroleum.

    c) Third, any reimbursement amount remaining after applying the provisions of 3a and 3b above shall be allocated 58.291% to GPC, 17.500% to Nido Petroleum, 4.375% to Philodrill and 19.834% to the Galoc Block Owners (except GPC but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 19.834% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

    d) Fourth, any reimbursement amount remaining after applying the provisions of 3a, 3b and 3c above shall be allocated 38.861% to GPC, 17.500% to Nido Petroleum and the balance of 43.639% to the Galoc Block Owners (except GPC but including Nido Petroleum only in relation to its remaining 4.779% interest in the Galoc Block) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 43.639% allocated to the Galoc Block

Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

4) After the provisions in Clause 3.3 of the Block C Agreement (as detailed in number 3 above) have been satisfied, all the Galoc Block Owners shall share the reimbursement amount in accordance with each Galoc Block Owner's participating interest as follows:

   a) GPC, Nido Petroleum and Philodrill shall receive 58.291%, 17.500% and 4.375%, respectively; and

   b) The balance of 19.834% shall be distributed by GPC to the Galoc Block Owners (except Galoc but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) in accordance with Clause 5 of the Block C Agreement (see number 5 below).

5) All amounts due to the Galoc Block Owners (except GPC) pursuant to Clauses 3.2, 3.3c, 3.3d and 3.4 (see numbers 2, 3c, 3d and 4 above) (the "Outstanding Balance"), shall be distributed by GPC in accordance with written instructions to distribute the Outstanding Balance authorized by all the other Galoc Block Owners.

Effective July 1, 2009, the amount allocated to Petroenergy and AGRC in accordance with the Block C agreement shall be allocated to the remaining partners in accordance with the amount of additional interest they have purchased from Petroenergy and AGRC. The additional interest purchased are as follows: Nido Petroleum (0.60052%), Philodrill (0.19745%), Parent Company (0.13970%) and LOGPOCOR (0.07335%).

The Block C agreement shall terminate when SC 14 terminates.

<u>Lifting Agreement</u>
In 2008, GPC and its partners entered into a lifting agreement which provides for the lifting procedures to be applied by GPC to ensure that:

1) each lifter is able to lift its Lifting Entitlement on a timely basis;
2) each lifter receives its Actual Lifting Proceeds;
3) overlift and underlift position of each party are monitored and settled;
4) each lifter pays its Actual Lifting Deduction Payment to the GPC; and
5) GPC has sufficient funds in the Joint Account to pay the Philippine Government and the Filipino Group Entitlement.

The terms of the Block C Agreement shall prevail in the event of a conflict with the terms of this agreement.

The agreement shall terminate when SC 14 terminates unless terminated earlier by the unanimous written agreement by the parties.

<u>Decommissioning Agreement (DA)</u>
On December 12, 2008, GPC and its partners entered into a DA which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned in accordance with the laws of the Philippines, including all regulations issued pursuant to the Oil Exploration and Development Act of 1972.

In accordance with the DA, each party has a liability to fund a percentage of the decommissioning costs (to be determined at a later date), which shall be equal to the party's percentage interest. The funding of the decommissioning costs shall commence on the date ("Funding Date") GPC issues a written notice to the DOE after completion of the EPT, specifying the date of commencement of commercial operations of the Galoc Block. The decommissioning cost, as funded, shall be kept in escrow with a bank of international standing and repute to be appointed by GPC.

The DA shall terminate when SC 14 terminates.

SC 14 – West Linapacan

A farm-in agreement was signed in July 2008 with Pitkin Petroleum Plc. The agreement requires the farm-in party / farminee to carry out, at its own cost, technical studies, drill a well or wells, and redevelop the West Linapacan-A oilfield. In return, Pitkin Petroleum Plc. will earn 70% interest out of the share in the farming-out parties/farmors. The farming-out parties / Farmors are free up to commercial "first oil" production.

In a later development, Pitkin Petroleum Plc. transferred and assigned a portion of their interest to RMA (HK) Ltd. Technical studies will continue after which a decision will be made to proceed or not to a front end engineering and design (FEED).

Participating Interests

As of March 31, 2015 and March 31, 2014, the Parent Company and LOGPOCOR have the following participating interests in the various SCs:

	2015	2014
SC 14 (Northwest Palawan)	(in Percentage)	
Block A (Nido)	**42.940**	42.940
Block B (Matinloc)	**17.703**	17.703
Block B-1 (North Matinloc)	**27.772**	27.772
Block C (West Linapacan)	**7.572**	7.572
Block C (Galoc)	**7.785**	7.785
Block D	**20.829**	20.829
SC 6 (Bonita)	**14.063**	14.063

Among the other operations of the Grroup, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discoveries of oil in commercial quantities as a result of the success of redevelopment activities thereof.

On June 30, 2009, the Group acquired additional interest in SC 14-Galoc from Petroenergy and AGRC. Participating interest increased by 0.213%, resulting to increase in wells, platforms and other facilities amounting $0.16 million (Note 10).

2. Basis of Preparation

The accompanying unaudited interim consolidated financial statements of the Parent Company and its wholly-owned subsidiaries, LOGPOCOR, Oriental Mahogany Woodworks, Inc. (OMWI) and Oriental Land Corporation (OLC), collectively referred to as the "Group", which include the share in the assets, liabilities, income and expenses of the joint operations covered by the SCs as discussed in Note 1 to the unaudited interim consolidated financial statements, have been prepared on a historical cost basis, except for available-for-sale (AFS) investments that have been measured at fair value.

The unaudited interim consolidated financial statements are presented in U.S. Dollars, the Parent Company's functional currency. Amounts are adjusted to the nearest dollar unless otherwise indicated.

The unaudited interim consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting.*

The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2014.

Statement of Compliance
The accompanying unaudited interim consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The unaudited interim consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each year. The subsidiaries are all incorporated in the Philippines.

The financial statements of LOGPOCOR, OMWI and OLC are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date such control ceases.

3. Changes in Accounting Policies and Disclosures

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014. However, they do not impact the annual consolidated financial statements of the Group.

The nature and impact of each new standard and amendment is described below:

Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements

PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated its derivatives during the current or prior periods.

PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed

during the period. The application of these amendments has no material impact on the disclosure in the Group's consolidated financial statements.

Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRSs (2010-2012 cycle)
In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

Annual Improvements to PFRSs (2011-2013 cycle)
In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

<u>Standards Issued But Not Yet Effective</u>
The Group has not applied the following PFRS, PAS and Philippine Interpretations which are not yet effective as of December 31, 2014. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version)
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*

The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

PAS 24, *Related Party Disclosures – Key Management Personnel*

The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*

The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

- Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

PFRS 13, *Fair Value Measurement – Portfolio Exception*

The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (***or PFRS 9, as applicable***).

PAS 40, *Investment Property*

The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)

The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments)

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.

PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

PFRS 7, ***Financial Instruments: Disclosures – Servicing Contracts***
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

PFRS 7 - ***Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements***
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

PAS 19, ***Employee Benefits – regional market issue regarding discount rate***
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

PAS 34, ***Interim Financial Reporting – disclosure of information 'elsewhere in the interim financial report'***
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

PFRS 9, ***Financial Instruments*** **– Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)**
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

PFRS 9, ***Financial Instruments*** **(2014 or final version)**
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

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4. Summary of Significant Accounting Policies

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from petroleum operation
Revenue from producing oil wells is recognized as income at the time of production.

Interest income
Interest income is recognized as it accrues using the effective interest method, the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of that financial asset.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Costs and Expenses
Cost of services and general and administrative expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. These are recognized:

(a) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
(c) immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Petroleum Production Cost
Petroleum production cost represents costs that are directly attributable in recognizing oil revenue.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition of financial instruments

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities includes transaction costs.

Financial instruments within the scope of PAS 39 are classified as either financial assets or liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities, as appropriate. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As of March 31, 2015 and 2014, the Group has no financial assets and liabilities at FVPL and HTM investments.

Day 1 difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables" and "Due from a related party".

AFS investments
AFS investments are those non derivative financial assets that are designated as such or do not qualify as financial assets at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include government securities, equity investments and other debt instruments.

After initial measurement, AFS investments are measured at fair value with unrealized gains or losses being recognized directly in the consolidated statement of comprehensive income as "Reserve for fluctuation in value of AFS investments". When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of income. Interest earned or paid on the investments is reported as interest income or expense using the EIR. Dividends earned on investments are recognized in the consolidated statement of income when the right to receive has been established.

Other financial liabilities
Issued financial instruments or their components, which are not designated as FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount of premium on the issue and fees that are an integral part of the effective interest rate (EIR). Any effects on restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of income.

This accounting policy applies primarily to consolidated statement of financial position caption "Accounts and other payables" that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability, income tax payable and deferred tax liabilities).

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

<u>Impairment of Financial Assets</u>
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial assets’ original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in consolidated statement of income during the period in which it arises.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed the amortized cost at the reversal date.

AFS investments carried at cost
If there is an objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, the amount of the loss is measured as

the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments carried at fair value
In the case of equity investments classified as AFS, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income, is removed from other comprehensive income and recognized in consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of "Other income" in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Derecognition of Financial Assets and Liabilities
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements and that are subject to insignificant risk of change in value.

Crude Oil Inventory
Crude oil inventory is valued at the prevailing market price at the time of production.

Property and Equipment
Transportation equipment and office furniture and equipment are carried at cost less accumulated depreciation and any impairment in value.

Wells, platforms and other facilities are carried at cost less accumulated depletion, depreciation and amortization and any impairment in value.

The initial cost of property and equipment, other than wells, platforms and other facilities, comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Subsequent costs are capitalized as part of these assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred. In situations where it can be clearly demonstrated that to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

When assets are retired or otherwise disposed of, the cost of the related accumulated depletion and depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Depreciation of property and equipment, other than wells, platforms and other facilities, commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Transportation equipment	6
Office furniture and equipment	5-10

Depletion, depreciation and amortization of capitalized costs related to the contract areas under “Wells, platforms and other facilities” in commercial operations is calculated using the unit-of-production method based on estimates of proved reserves. The depletion base includes the estimated future development costs of the undeveloped areas.

The EUL and depletion and depreciation, residual values and amortization methods are reviewed periodically to ensure that the period and methods of depletion and depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Interest in Jointly Controlled Assets

Interests in jointly controlled assets are accounted for by recognizing in the consolidated financial statements the Group’s share in the jointly controlled assets and are included principally in the “Property and equipment” and “Deferred exploration costs” accounts in the consolidated statement of financial position and any liabilities incurred jointly with the other venturers as well as the related revenues and expenses of the joint venture. The Group also recognized the expenses which it has incurred in respect of its interest in the joint venture and the related liabilities.

Deferred Exploration Costs

The Group follows the full cost method of accounting for exploration costs determined on the basis of each SC/Geophysical Survey and Exploration Contract (GSEC) area. Under this method, all exploration costs relating to each SC/GSEC are deferred pending determination of whether the contract area contains oil and gas reserves in commercial quantities. The exploration costs relating to the SC/GSEC area where oil and gas in commercial quantities are discovered are subsequently capitalized as “Wells, platforms and other facilities” shown under the “Property and equipment” account in the consolidated statement of financial position upon commercial production. When the SC/GSEC is permanently abandoned or the Group has withdrawn from the consortium, the related deferred oil exploration costs are written-off. SCs and GSECs are considered permanently abandoned if the SCs and GSECs have expired and/or there are no definite plans for further exploration and/or development.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group’s property and equipment and deferred exploration costs.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. Recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate.

Capital in Excess of Par Value

Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized in the “Capital in excess of par value” account; any incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from it.

Subscription Receivable

Subscription receivable represents shares subscribed but not fully paid.

Deficit

Deficit represents the cumulative balance of net income (loss), dividend distributions, prior period adjustments, effects of changes in accounting policy and other capital adjustments.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specific asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (b), or (d) and at the date of renewal or extension period for the scenario (c).

<u>Operating Lease</u>

Group as a lessee

Lease of assets under which the lessor effectively retains all the risks and rewards of ownership is classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

<u>Income Tax</u>

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided, on all temporary differences, with certain exceptions, at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction in a transaction that is not a business combination and at the time of transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized directly in equity is recognized as other comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pension Expense

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account "Remeasurement gains (losses) on pension liabilities" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Foreign Currency-Denominated Transactions and Translations
The consolidated financial statements are presented in U.S. Dollar, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign currency translations are charged or credited to the consolidated statement of income.

All differences are taken to the consolidated statements of income with the exception of differences on foreign currency borrowings that provide, if any, a hedge against a net investment in a foreign entity. These are taken directly to equity until disposal of the net investment, at which time they are recognized in the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Parent Company's subsidiary, OMWI, and OLC is Philippine Peso. As at reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (the US Dollars) at the exchange rate at the reporting date and the consolidated statements of income accounts are translated at weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to "Cumulative translation adjustment" account in the equity section of the consolidated statements of financial position. Upon disposal of a subsidiary, the deferred cumulative translation adjustment amount recognized in equity relating to that particular subsidiary is recognized in the consolidated statement of income.

Earnings Per Share
Earnings per share is determined by dividing net income (loss) by the weighted average number of shares outstanding for each year after retroactive adjustment for any stock dividends declared. Diluted earnings per share is computed by dividing net income applicable to common stockholders by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of dilutive potential common shares.

Operating Segments
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's business segments consist of: (1) oil exploration and development; (2) furniture manufacturing and distribution; and (3) real estate. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the unaudited interim consolidated financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the amount reported in the unaudited interim consolidated financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change I n estimates are reflected in the unaudited interim consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the unaudited interim consolidated financial statements.

Determination of functional currency
Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be U.S. Dollar. The U.S. Dollar is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the revenue and costs of the Group's operations.

Classification of financial instruments
The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Operating leases - Group as lessee
The Group has entered into property leases for its operations. The Group has determined that the lessor retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair values of financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value which requires extensive use of accounting estimates and judgments. While components of fair value measurements were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets

would directly affect the consolidated statement of comprehensive income and consolidated statement of changes in equity, as appropriate.

Fair values of financial assets and financial liabilities amounted to $66.04 million and $0.56 million, respectively, as of March 31, 2015, and $53.24 million and $0.47 million, respectively, as of March 31, 2014.

Impairment of loans and receivables
The Group assesses on a regular basis if there is objective evidence of impairment of loans and receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original EIR. The Group uses individual impairment assessment on its loans and receivables. The Group did not assess its loans and receivables for collective impairment due to the few counterparties which can be specifically identified. The amount of loss is recognized in the consolidated statement of comprehensive income with a corresponding reduction in the carrying value of the loans and receivables through an allowance account.

As of March 31, 2015 and 2014, the total carrying value of the Group's receivables amounted to $1.85 million and $4.52 million, respectively. No allowance for impairment was provided in 2015 and 2014.

Impairment of AFS investments
Quoted shares - at fair value
An impairment loss arises with respect of AFS investments when there is objective evidence of impairment, which involves significant judgment. In applying this judgment, the Group evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, the Group's expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology and other factors that affect recoverability of the Group's investments.

Unquoted shares - at cost
Management believes that while the range of fair value estimates is significant, the probabilities of the various estimates cannot be reasonably assessed given the unquoted nature of equity investments. As a result, the Group carries unquoted AFS investments at cost, less any impairment in value.

Estimation of proven oil reserves
Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

Estimation of useful lives of property and equipment
The Group reviews annually the EUL of transportation equipment and office furniture and equipment based on expected asset utilization. It is possible that future results of operations could be affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of these assets would increase the recorded depreciation expense and decrease noncurrent assets.

As of March 31, 2015 and 2014, the Group's property and equipment amounted to $16.46 million and $26.10 million, respectively. Depletion, depreciation and amortization expense amounted to $0.19 million and $2.59 million in 2015 and 2014, respectively.

Impairment of nonfinancial assets
The Group assesses impairment on property and equipment and deferred exploration costs whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset or investment exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the unaudited interim consolidated financial statements.

Impairment and write-off of deferred exploration costs
The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for impairment.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- the period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to \$0.60 million and \$0.59 million as of March 31, 2015 and 2014, respectively. No provision for impairment loss was recognized in 2015 and 2014.

In August 2010, deferred exploration costs amounting \$2.15 million were written off, subsequently after the surrender of the contract of SC 41 to the DOE.

Pension expense
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

Recognition of deferred tax assets
Deferred tax assets are recognized for all temporary deductible differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Management has determined based on business forecasts of succeeding years that there is not enough taxable income against which the deferred tax assets will be recognized.

Asset retirement obligation
Plug and abandonment costs are based on estimates made by the service contract operator. These costs are not clearly provided for in the SCs. Management believes that there are no legal and constructive obligation for plug and abandonment costs. As of March 31, 2015 and 2014, the Group has not recognized any asset retirement obligation.

6. Cash and Cash Equivalents

This account consists of:

	2015	2014
Petty cash fund	**$224**	$217
Cash in banks	**53,954**	34,151
Short-term deposits	**41,711,043**	39,697,550
	$41,765,221	$39,731,918

Cash in banks earns interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term deposit rates which ranges from 1.00% to 2.00% in 2015 and 2014.

7. Receivables

This account consists of:

	2015	2014
Trade receivables	**$1,748,744**	$4,468,928
Interest receivable	**96,500**	49,145
	$2,554,788	$4,518,073

Trade receivables pertain to share of the Group on the receivables from customers for the sale of crude oil.

Trade receivables are noninterest-bearing and are generally on one (1) to thirty (30) days' terms.

There are no past due nor impaired receivables as of March 31, 2015 and 2014.

8. **Available-for-Sale Investments**

This account consists of:

	2015	2014
Quoted shares - at fair value	**$13,510,478**	$8,953,007
Unquoted shares - at cost	**35,473**	35,002
	$13,545,951	$8,988,009

The carrying values of listed shares have been determined as follows:

	2015	2014
At January 1	**$13,275,646**	$9,003,318
Reserve for fluctuation in value of AFS investments	**234,832**	-
Unrealized foreign exchange gains (loss)	**-**	(50,311)
At March 31	**$13,510,478**	$8,953,007

The carrying values of non-listed shares have been determined as follows:

	2015	2014
At January 1	**$35,473**	$35,002
Unrealized foreign exchange gains (loss)	**-**	-
At March 31	**$35,473**	$35,002

9. **Property and Equipment**

The rollforward analysis of this account follows:

2015

	Wells, Platforms and Other Facilities	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost	-	-	-	
At January 1	86,211,123	193,841	43,910	86,448,874
Additions	7,154	-	-	7,154
Disposals	-	-	-	-
At March 31	**86,218,277**	**193,841**	**43,910**	**86,456,028**
Accumulated depletion, depreciation and amortization				
At January 1	69,597,376	179,951	32,453	69,809,780
Additions	189,283	695	38	190,016
Disposals		-	-	-
At March 31	**69,786,659**	**180,646**	**32,491**	**69,999,796**
Net book value at March 31	**16,431,617**	**13,195**	**11,419**	**16,456,232**

2014

	Wells, Platforms and Other Facilities	Transportation Equipment	Office Furniture and Equipment	Total
Cost	-	-	-	
At January 1	84,741,910	193,841	43,910	84,979,661
Additions	985,251	-	-	985,251
Disposals	-	-	-	-
At March 31	**85,727,161**	**193,841**	**43,910**	**85,964,912**
Accumulated depletion, depreciation and amortization				
At January 1	57,065,286	177,171	32,303	57,274,760
Additions	2,586,609	695	38	2,587,342
Disposals		-	-	-
At March 31	**59,651,895**	**177,866**	**32,341**	**59,862,102**
Net book value at March 31	**26,075,266**	**15,975**	**11,569**	**26,102,811**

10. Deferred Exploration Costs

The full recovery of the deferred oil exploration costs incurred in connection with the Group's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum, concessions and the success of the future development thereof.

This account consists of various SCs as follows:

	2015	2014
SC 6	**$581,488**	$569,564
Others	**20,665**	20,665
	$602,153	$590,229

<u>SC 6</u>
The Bonita Block is part of the retained area of the original SC 6.

A 15-year extension period for the block was requested from and subsequently granted by the DOE in March 2009.

The conditions for the grant of the 15-year extension period require the submission and implementation of a yearly work program and budget. It includes as well financial assistance to the DOE for training and scholarships in geological and engineering studies.

11. Accounts and Other Payables

This account consists of:

	2015	2014
Accounts payable and accrued expenses	**$558,427**	$470,335
Dividends payable	**99,384**	99,384
Subscriptions payable	**26,488**	26,488
	$684,299	$596,207

Accounts payable and accrued expenses mainly consist of unpaid legal service fees. These are noninterest-bearing and are normally settled in thirty (30) to sixty (60)-day terms.

Dividends payable include amounts payable to the Group's shareholders.

12. Paid up Capital

As of March 31, 2015, this account consists of:

Class A - $0.0004 (₱0.01) par value	
Authorized - 120 billion shares	
Issued and outstanding - 120 billion shares	$49,361,387
Class B - $0.0004 (₱0.01) par value	
Authorized - 80 billion shares	
Issued and outstanding - 80 billion shares	32,907,591
Subscriptions receivable	(373,417)
Capital in excess of par value	3,650,477
	$85,546,038

As of March 31, 2014, this account consists of:

Class A - $0.0004 (₱0.01) par value	
Authorized - 120 billion shares	
Issued and outstanding - 120 billion shares	$49,361,387
Class B - $0.0004 (₱0.01) par value	
Authorized - 80 billion shares	
Issued and outstanding - 80 billion shares	32,907,591
Subscriptions receivable	(374,252)
Capital in excess of par value	3,650,477
	$85,545,203

All shares of stock of the Group enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued either to Filipino citizens or foreign nationals.

13. Other Income

This account consists of:

	2015	2014
Dividend	**$232,132**	$196,199
Interest	**212,724**	148,776
	$444,856	$344,975

The dividend income is derived primarily by the Group from its investment in preferred shares. Interest income came from money market placements and deposits in banks.

14. **Related Party Transactions**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are related entities of the companies by virtue of common ownership and representation to management where significant influence is apparent.

As of March 31, 2015 and 2014, the Company had Cash and Cash equivalents maintained at various banks including an affiliated bank, Robinson's Bank. The company likewise leases an office space from an affiliate that is renewable annually.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts due from related parties in 2015 and 2014. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.